

NATIONAL
REAL ESTATE
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JOURNAL

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MARCH ★ 1952

HOW TO KEEP SALESMEN SELLING — FAVORITE HOMES
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NATIONAL offers more floor plans, more exterior designs, than any other producer of homes. De Luxe and "Super-Thrift" — 2, 3 and 4 bedrooms — some with 2 bathrooms. New L-shaped living room-dining room arrangements. Porches, fireplaces, breezeways and garages are available. All Nationals are priced to offer the utmost in **VALUE!**

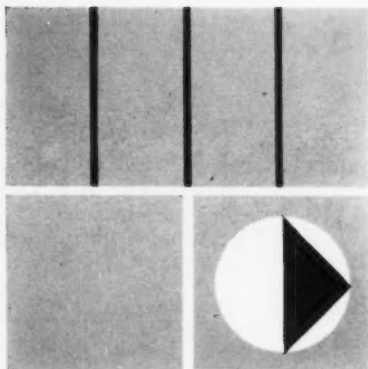


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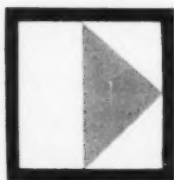


"National Homes prefabricated panels and structural parts are commended by Parents' Magazine as advertised therein." And recommended by over 36,000 delighted owners!

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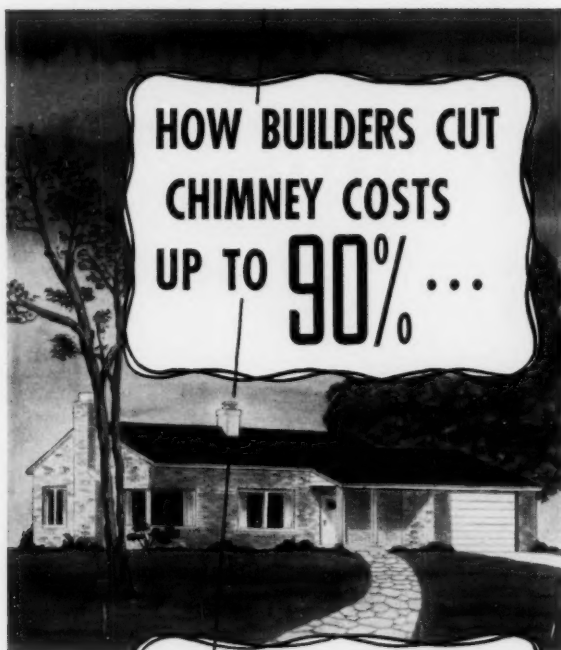
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Color Can Help Sell

By WILLIAM S. PUSEY

University of Illinois Small Homes Council

Many developers think they must vary floor plans, roof lines, or siding material to achieve individuality in a project of homes. They spend time and money trying to avoid a peas-in-a-pod look but often neglect one of the most powerful yet least expensive means — color styling.

In housing, it's color — not roof lines or siding materials that makes one house stand out from another.

Color styling doesn't require a fancy formula or a staff of experts . . . it's based on a few sound principles whose main ingredients are common sense and good taste. Here are a few suggestions which may help you achieve good color styling.

Don't give your white house a choppy appearance by outlining the windows in bright color.

On the other hand, you can enhance the looks of your dark, richly-colored houses by using a white trim, especially if the trim and siding are of different materials.

Don't use too many changes of material and color — they will make a house look smaller. And no one ever bought a house because it looked smaller than it really was.

Use colored panels on your tall houses to cut down their apparent height and improve their proportions.

In a development of houses, each house should look as if it belonged with its neighbors. The colors may either harmonize or contrast, but not clash.

It's a great temptation to select many roof colors in a large group of houses. But some of the reds, greens, and blues used in roofing are unpleasant shades, and they limit the color selection for painting the bodies of the houses. It's much safer to use grays, blacks, browns, and maroons for roof colors. It's even good practice to use the same roof color on all the houses in a development.

Use your site plan in selecting color for your houses. Use colored wooden blocks to represent the houses, and move them around on the plan until you have a color arrangement that looks good. Take advantage of the color charts issued by paint companies. You may find colors that you didn't know about before.

Good color styling of the exteriors of your houses will get admiring glances from passersby, but from the prospect's point of view it's just as important to have the interior properly styled.

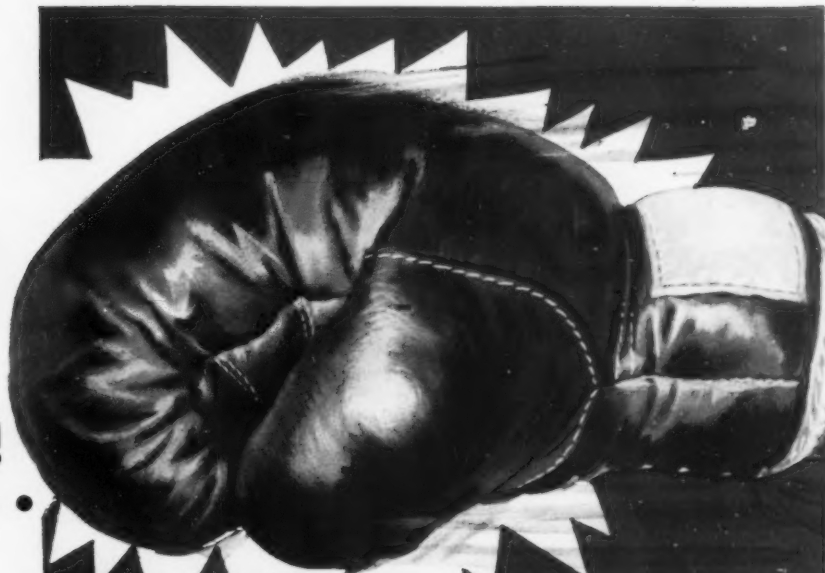
He may be planning to use his present furniture, yet the inside colors may clash with the colors of his furniture. To avoid this, select various shades of grays, eggshells, sand tones, and off-whites . . . they can form backgrounds for nearly any color of furniture and draperies.

Rooms can be made to appear larger or smaller . . . and ceilings lower or higher by the proper combination of colors. If you want a wall to recede, paint it a cool color — either light or dark. If a room seems too long for its width, bring a wall forward by painting it a warm color.

When a room is on the north with little natural light, paint it in bright colors. A wall that receives direct sunlight should be painted a cool, dark color. Ceilings will appear to be higher and the room better lighted if ceilings are painted white.

LICK COMPETITION

**SELL
HOMES FASTER!**



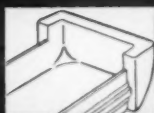
American Kitchens

Offers More Quality Features than any Other Brand

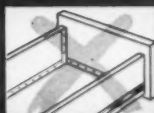
Let American Kitchens prove the top quality construction of the houses you sell—let the quality features of American Kitchens reveal the quality features of the whole house! For customers look for quality in things they know. And they know that American Kitchens are not only beautifully designed—but exceedingly well built.

When you show them, feature by feature, how American Kitchens by its very construction must use superior steel—how it uses the finest insulation materials, the most expensive door hinges and nylon drawer slides—how it is designed by a famous designer to make working easier—then, at the same time you are proving that yours is a house that gives attention to superior materials and workmanship.

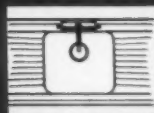
It pays to feature American Kitchens. And you will discover that they are more economical besides, because they give you more sales return per dollar, sell houses faster than any other brand.



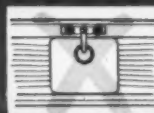
American Kitchens' one-piece rounded drawers—dye-formed, no seams.



Other kitchens have cheap brake-formed construction—square corners.



American Kitchens' 15% larger sink bowl than other make sinks.



Other kitchen sinks have old-fashioned ledges that use up bowl space.



American Kitchens' nylon slides, drawers pull out noiselessly.



Other kitchens' metal or soft brass drawer guides that screech, bend.



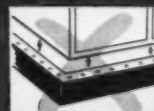
American Kitchens' concealed door and drawer pulls eliminate handles.



Other kitchens, with handles, catch dirt, make cleaning difficult.



American Kitchens' one-piece sink base, arrives ready for installation.



Other kitchens' sink base panels must be screwed or bolted on in the field.



American Kitchens' rounded contours, extra knee and toe room.



Other kitchens have square or jutting cabinet lines, square corners.

**American
KITCHENS**

SELL HOMES FASTER

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Plan now to include PlyScord in your next bill of materials—for better construction, for building economy.



Douglas Fir
Plywood

AMERICA'S BUSIEST BUILDING MATERIAL



® PlyScord is the unsanded construction grade of interior-type plywood bonded with highly water resistant glues. For subflooring, sheathing, backing, one-use forms. PlyScord is a registered grade-trademark identifying quality plywood manufactured in accord with U. S. Commercial Standards and inspected by Douglas Fir Plywood Association (DFPA).

PANEL DISCUSSION

FHA Accepts $\frac{3}{8}$ " Plywood Over Rafters 24" O. C.



On the basis of recent tests and experience data, Federal Housing Administration now accepts plywood $\frac{3}{8}$ " thick as roof decking over rafters spaced 24" on centers, according to a letter from Curt Mack, assistant commissioner of the FHA underwriting office, to Douglas Fir Plywood Association. A revision of FHA Minimum Property Requirements is planned; meanwhile, FHA at Washington (Underwriting Office) will advise any insuring office upon inquiry that $\frac{3}{8}$ " plywood over rafters 24" on centers will be accepted. Plywood roof deck thicknesses now accepted by FHA are shown below in tabular form.

Roofing Material	Max. Rafter Spacing	Min. Plywood Thickness
Wood, Asphalt Shingles	16"	5/16"
	24"	$\frac{3}{8}$ "
Slate, Tile, Asbestos-Cement	16"	$\frac{1}{2}$ "
	24"	$\frac{3}{4}$ "
Flat Roofs	16"	$\frac{3}{8}$ "
	24"	$\frac{1}{2}$ "

*Under wood shingles: If plywood is less than $\frac{1}{2}$ " thick, apply 1" x 2" nailing strips.

A folder giving detailed information regarding use and acceptance of Douglas fir plywood in homes built under FHA financing may be had free of charge from Douglas Fir Plywood Association, Tacoma 2, Washington.

Concrete Intaglio



Plywood cut-outs, nailed to the plywood form face, were used to create these whimsical nursery figures on the exterior concrete wall of the kindergarten play yard at the Whitman School, Tacoma, Wash. Architect John G. Richards of Lea, Pearson and Richards developed the idea. Over 7' high, the figures were formed using $\frac{3}{8}$ " plywood cut-outs, secured to $\frac{3}{8}$ " form panels. On the soon-

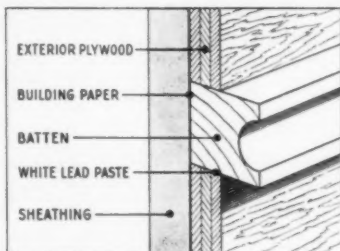
to-be-completed project, plywood forms are being re-used as roof decking. Contractors: Standard Construction Co., Tacoma, Washington.

Speeds Siding Application

Builder-Owner H. J. Cox reports application time and labor costs were reduced by one-third with Douglas fir plywood siding in building this Eugene, Oregon, home. "Not only did the plywood help hold costs down," Builder Cox reports,

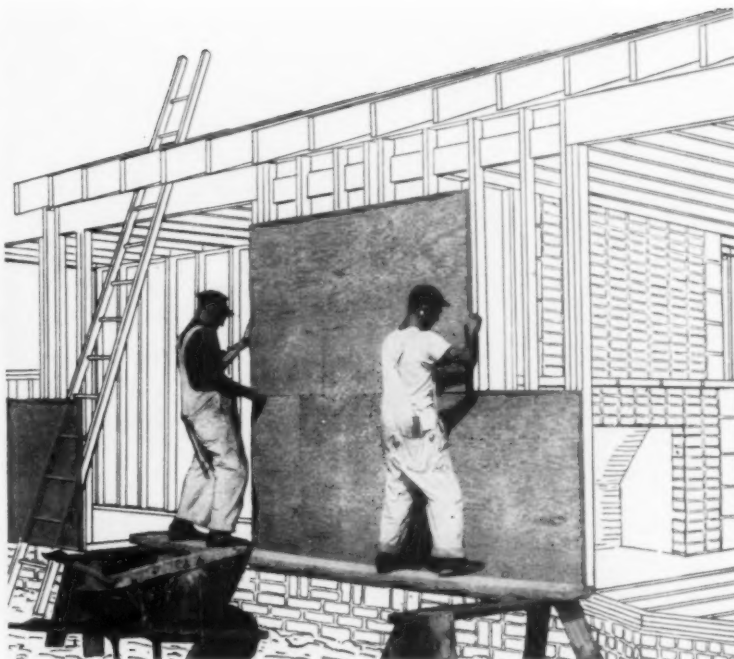


"but after over four years exposure to our rainy Northwest weather, the siding looks as good as the day it was finished." Architect Percy D. Bently specified the interesting batten detail shown. Exterior plywood panels were sawn to correspond with the bevel of the specially run molding and tightly fitted with a sealing of white lead paste. Corners were formed with $\frac{3}{8}$ " quarter rounds. The siding—4'x8' sheets, cut to 2'x8'—is painted beige, the molding tobacco brown.



Plywood Cottages Weather Hurricane

Dramatic proof of plywood's superior strength and rigidity was given last year when up-to-100 m.p.h. winds lashed the Jersey coast in one of the worst hurricanes to hit since 1938. Among the luckiest of those who took the full brunt of the screaming wind were owners of the 500 plywood cottages at Ocean Beach, N. J. All around the development, roofs were ripped away, church steeples toppled and conventional homes smashed beyond repair. According to A. C. Pearl, project sales manager, not one of the plywood houses suffered structural damage. "We attribute this to the outstanding bracing strength provided by plywood which was used as combined siding-sheathing."



PlyScord® Sheathing—Best under any conditions

ANY CONDITIONS—including wind storms or earthquakes. U. S. Forest Laboratory tests prove plywood sheathing to be *twice* as strong, *twice* as rigid as any other material.

This superior bracing strength is particularly important in windy locations or earthquake areas. Plywood shear walls are also used to good advantage to compensate for loss of lateral rigidity in structures with walls containing large openings or areas of glass.

PlyScord, the sheathing grade plywood, offers many other advantages. It can be applied 25% faster, saving time and labor. PlyScord provides the perfect base for finish siding and roofing. It holds nails well . . . won't split, crumble or puncture. Big panels insulate, seal out drafts . . . make homes warm, snug, stable—now and five or fifteen years hence.

Douglas Fir

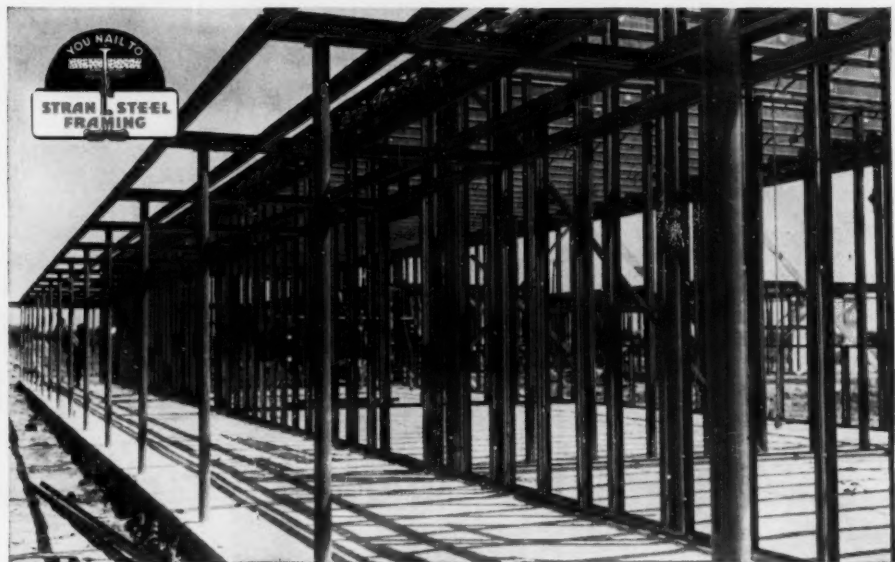
Plywood

AMERICA'S BUSIEST BUILDING MATERIAL



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REDUCE
FIRE HAZARDS
SPECIFY
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Floor Joists
Quickly Erected Partitions—
or Complete Structures

In addition to the many time-saving, money-saving, and structural advantages of Stran-Steel *nailable* framing, architects and their clients will appreciate the permanent protection offered by this *non-combustible* framing material. Specifying Stran-Steel roof systems and floor joists can mean the difference between a costly fire and one that is easily localized and controlled. Also, architects can point to lower insurance costs possible with Stran-Steel framing.

The versatility and strength of Stran-Steel framing make it easily adaptable to the latest trends in design. And the speed with which the precision pre-cut members can be assembled brings a worthwhile reduction of in-place building costs. Close-in time is shortened, and interior work can

proceed before exterior completion. The nailability of Stran-Steel framing means additional economy, too, in the application of collateral materials.

Fire hazards will be minimized in the Robstown, Texas, Elementary School, because of the use of Stran-Steel framing. Wall finish on the interior will be gypsum plaster on rib lath. On the exterior, brick veneer over Steeltex wall lath with $\frac{3}{4}$ " mortar bond. Benjamin K. Wyatt, San Antonio, is the architect.

If you are planning new industrial or commercial construction, or schools, hospitals and similar structures, it will pay you to investigate Stran-Steel framing. Complete literature available on request, or see Sweet's catalog service, architectural and builders' files.

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Builders of the two developments illustrated here have created homes with outstanding buy-appeal. Each of these modern houses has at least *two* bathrooms, smartly fitted with American-Standard plumbing fixtures.

Remember, when *you* build, that today's homemakers consider a second bath a "must" facility for everyday convenience. Remember, too, American-Standard offers you a wide line of *both* plumbing fixtures and heating equipment. **American Radiator & Standard Sanitary Corporation**, P. O. Box 1226, Pittsburgh 30, Pennsylvania.



BENBROOK ESTATES, INC., TENAFLY, NEW JERSEY.

Builders: Benjamin Brothers, Tenafly, N. J.
Architect: Fred Harsen, A.I.A., Tenafly, N. J.
Plumbing contractors: Hanson and Maul, Inc., Bergenfield, N. J.
Plumbing wholesaler: Standard Heating & Plumbing Supply Corp., West New York, N. J.

BATHROOM ELEGANCE . . . IN MATCHING COLORS. Each home in the 122-house Benbrook Estates development has 2½ American-Standard equipped bathrooms, affording an unusual amount of convenience for the occupants. The fixtures, in handsome matching colors, are: Companion lavatory, Compact water closet (both made of lustrous genuine vitreous china), and enameled cast iron Master Pembroke bath.

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Aluminum's radiant heat reflectivity is an extra advantage. As insulation, it offers high efficiency without bulk combined with a perfect vapor barrier. Check the list below for aluminum building products by the leader in this field.

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From the listing above, I am particularly interested in the following products. Please send complete information.

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Company _____
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City _____ Zone _____ State _____

From Journal readers . . .

"I believe one of the evils in the articles appearing in current real estate literature is that the authors seem to be operating in a vacuum. They present their ideas, but they are entirely too polite to differ with anyone who presents other ideas. We realtors like to think of our business as a profession, and I know of no profession whose literature does not at times carry differing and antagonistic views.

"The articles carried in the 'Law Reviews' issued by institutions of learning are frequently devoted solely to disagreeing with someone else's opinion. Medical journals are largely taken up with pointing out the ill effects in some of our newer wonder drugs. Scientific literature consists mostly of articles disagreeing with someone else's theories.

"The article I've written for your April issue, 'Can We Make a Fair Long Term Lease?', is merely a disagreement with those who feel there is a simple, easy way to make a long term lease which will be fair to both parties. I am convinced there is no such method.

"While attending the national real estate convention in Cincinnati I was amazed to find a number of realtors who felt that the commodity index lease would produce satisfactory results. However, when I showed them the fallacies in their reasoning and pointed out that a bad long term lease is bad for a long time, not one of them disagreed with me.

"From the standpoint of an editor you are primarily concerned with the interest taken by realtors in any article that is published. I know there are a number of realtors who have read my previous articles that take such an interest. For years, many realtors whom I never knew wrote me about some problem pertaining to leases. Frequently it has been a long distance phone call asking for a solution of a situation that had developed right at that moment in some lease negotiation.

"Several months ago I received a long distance call from a realtor asking how I reconciled the statement made in my article last year (April *Journal*) with what I had said in an article in the *Journal* that appeared in 1937. I hadn't the faintest idea what I had said in 1937, and when my caller read what he considered a contradiction I had to admit that I had apparently changed my mind.

"These types of letters and calls are rarely ever made immediately after the appearance of an article but occur only when some problem comes up which one of your readers thinks I might be able to help him solve. But there was one thing you published for me that got immediate response: Several years ago in your letter column, you published two letters from grocery chain officials criticizing the percentage lease tables as they pertain to grocery stores. I replied in the next issue of the *Journal* sharply disagreeing with them. The result was that I immediately got letters from around the country backing me up in my position."

**J. F. BROWNLOW
Knoxville, Tennessee**

"In your February issue you refer to me as a builder of luxury homes in Chicago. I have a feeling that the use of the term 'luxury' in connection with larger than average size homes plays into the hands of the people who are very much interested in plac-

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Industry Spotlight

Washington, D. C. — Regulation X is expected to remain unchanged despite efforts to tighten or ease its terms in the renewal of the Defense Production Act. The pending Defense Production Act, now being considered by the Senate Banking and Currency Committee, is the keylog which holds back other major housing legislation until it is passed.

* * *

NPA's M-100, which doesn't put a limit on the number of bathrooms as previously expected, is being hailed as a step toward a 1 million-unit housing year. The order permits an increase of 500 pounds of steel per unit that may be self-authorized for one-to four-family units. Copper is decreased 25 pounds in units using copper water-distribution systems. Where type B or K copper tubing for underground water connection is required by local building codes, an increase in the amount of copper is permitted.

Aluminum may be substituted for copper for electrical wiring on the basis of one pound of aluminum to two pounds of copper. Fifty percent additional materials per dwelling units for alteration, addition or extension is permitted. More steel or copper are permitted for alterations by initial installations of electrical wiring or plumbing.

The new order restricts construction of temporary residential building. Military and Wherry Act housing are exempt.

* * *

Retail sales have not recovered from the 10% drop on Christmas trade and prices are beginning to show more weaknesses, but building restrictions are holding housing prices up and may boost them in some cases. Steel and freight rates are slated to go up, wholesale lumber is fluctuating, but most building materials are holding the price line.

* * *

Residential construction is off 20% and the Bureau of Labor Statistics expects a loss of 400,000 jobs in the building industry this year. Union strength and a settlement of steel workers' askings can be expected to push up wages of 2 million construction workers.

* * *

Funds presently allotted to FNMA for over-the-counter purchases are expected to run out some time in April and there is little indication that more money will be provided. FNMA authority to pre-commit for defense housing loans expired on December 31, 1951, but a bill is now in preparation to supply more funds to FNMA for this purpose.

* * *

A bill introduced into Congress, S. 2786, by Senator Ives of New York would amend the Housing Act of 1949 to permit advance or progress payments on account of any grant made under the Housing Act. At present the project must be completed and net costs computed before any part of the grant is paid.

* * *

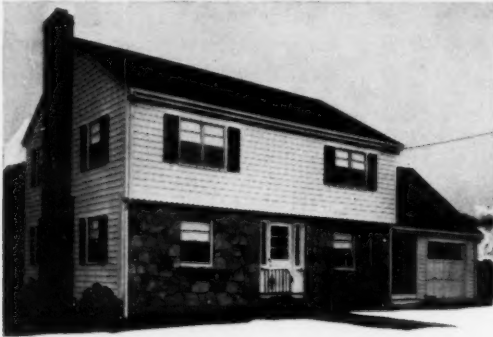
HR-5893, providing \$125 million for direct GI home loans passed the House by a vote of 345 to 0. It would release \$25 million every three months to build a total of 15,000 homes, particularly in rural districts. The bill will remain on the Senate calendar until defense production legislation is out of the way.



FT. CAMPBELL, KENTUCKY. Wherry Housing Project, Southern Apartments, utilized thousands of Rusco Prime Windows.



SANTA ANA, CALIFORNIA. Rusco used on all Barkley Square and Sunshine Homes by builder Burt Huff.



QUINCY, MASSACHUSETTS. A. J. Spinelle, builder of Furnace Brook Acres homes, highly recommends Rusco.

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the **RUSCO** PRIME WINDOW

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2... placed in stud opening and plumbed...



3... nailed to studs...



4... glass and screen panels slipped into slides...



5... and in less than 5 minutes the fully-installed window is ready for service!

3 CONVENIENCE OF COMPLETELY REMOVABLE AND INTERCHANGEABLE GLASS AND SCREEN PANELS

4 NO COSTLY CALL BACKS FOR ADJUSTMENTS

RUSCO HOT-DIPPED GALVANIZED PRIME WINDOW

AVAILABLE WITH OR WITHOUT INSULATING SASH

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WHERE TO START

THERE'S a golden formula in what a scientist told a friend of ours recently. The scientist was a man of considerable reputation and accomplishment. In fact, he had so many accomplishments to his credit that our friend asked him how he ever managed to get so many things done.

"That isn't so difficult," said the scientist. "I always start where I am."

There are a good many people who go through life looking for a place to start — and never find it.

Take, for example, the fellow who quit his job in the property management department of a real estate company. Among other things, his biggest responsibility was to get new management clients. And he said there weren't any. He had searched high and low (he said) and couldn't find a good prospect for management service.

A young fellow from another city who had had some management experience moved into the job. He wasn't very smart. He didn't know there wasn't any business. So, on the first day, he looked out the window and asked himself, "Where do I start?" Opposite was a large apartment building. "Might as well start there," he thought.

He worked on the owner of that building for a month. When he finished, he had one of the best management accounts in the city.

He started where he was.

And there's the inexperienced fellow who was hired as a salesman by another real estate firm. During his indoctrination he sat through a dozen meetings where he heard how difficult it was to get listings and how desperately they were needed.

Finally one morning he was taken out from under the wing of a veteran salesman and told to start on his own. He was a novice at the business, so he didn't know any better than to start in his own neighborhood. He didn't get any listings. But he got two good leads that led to listings.

He started where he was.

We've heard a lot lately about business being poor. Houses are moving slowly. Listings are scarce as hen's teeth. It's getting nigh impossible to build a quality house for the lower-priced market. There isn't as much need for management service anymore. So the reports go.

But maybe we don't know where to start. There are a few men, perhaps one in a thousand, who can work out a plan, stick to it, and arrive at a preordained place. All credit to them. But credit also to those who don't know where they're going but are on their way. At least they're going somewhere instead of looking around frustatedly for a place to start. Let them travel far enough and straight enough and they too will arrive.

Perhaps we should inspect those hard-to-sell houses a little closer. Take another look at the plans for the houses we're going to build. Look out the window and see if there isn't a good management prospect right across the street.

If it seems difficult to find a place to start, start where you are — and get going!

— B. F.

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How to Keep Salesmen Selling

By SAM G. RUSSELL, Sales Manager
D. C. Burns Realty & Trust Co.
Denver, Colorado

There are all sorts of excuses for not making sales — weather, season, market changes. But sometimes we're unwilling to face the real reason — poor conditioning to down-to-earth selling. The author suggests how to rescue your salesmen from these selling cycles



*Have we given him
the best tools of the trade?*



*Have we
given him sufficient sales training?*

MOST all of us who have a number of salesmen in our office like to presume that a salesman is successful in one month, and unsuccessful in another, because he worked harder in one month than in another. Could be. But not necessarily so.

We are all aware of what we call our "selling cycles," and we are not greatly alarmed because the volume of sales is never the same from month to month. We have developed a very corny philosophy about our business and its financial rewards. We say, "We had our chicken last month — looks like we'll have the feathers this month." In other words, we openly admit we've lost our "flying speed" and we are not at all disturbed about the gyrations of our "selling cycle." We've grown accustomed to it — and so have our salesmen!

Well, why worry about it? Maybe there actually *was* a change in the market. Unpleasant weather may have had its influence. Perhaps it was vacation time, and the folks with the money were out of reach. No matter what the reason, we have all come to expect the ebb and flow in the tide of selling, and few of us ever try to do anything about it.

Perhaps it might be well for us to try to measure how many deals we make *in spite of ourselves*, as compared to the number we make as a result of creative thinking and

aggressive promotion in the realm of selling.

Maybe we would find it has cost us a lot of commissions to accept the theory of the "selling cycle," and maybe we would much prefer to spend a little time and effort, and a little money, in order to keep our salesmen selling — every hour of every day.

For those of us who know we are not enjoying the benefits to be derived from our maximum selling potential, let's ask ourselves a few questions. What are we actually doing for our salesmen to help them to make more sales? What does a salesman need from us? What is it that he is unable to supply for himself?

For Question No. 1, Let's ask ourselves: HAVE WE GIVEN HIM THE BEST TOOLS FOR HIS TRADE?

Does he have complete information and a *photograph* of every exclusive listing in your office? How many listings do you have? Eighty percent of all the real estate offices in the country would never have more than 35 or 40 exclusive listings at a time. The cost of making up a listing sheet, with a snapshot pasted thereon, is quite nominal. After the sale is made, a rubber SOLD stamp can be applied and the salesman transfers the listing sheet to another ring binder which he uses as visual proof of your firm's success when he is soliciting another listing.

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each with the firm name or trademark in bold type? Or do you send him out with mimeographed or duplicated forms to represent the quality of your organization?

Do you do anything to help him screen a prospect financially? Or does he knock himself out to make a sale, only to find that his buyer is unable to qualify for the necessary financing? A brief printed form titled "Credit Information" would enable him to get this information early, and without embarrassment. He merely says, "The secret of getting the best loan these days is to have the right information at the right place. I can help you in this respect." In this manner he is able to learn quickly the pertinent facts as to employment, length of time on the job, outstanding obligations, amount of cash available, and so forth. The last two lines on the questionnaire are headed: *Source of Prospect*. How did this man come to do business with you? As a result of a classified ad? Through radio? Did a friend recommend you? Make it a requirement that this "Credit Information" be a part of every contract that comes into your office. You may be surprised as to where your business is coming from. You don't have to guess. Your customer will tell you. *All you have to do is ask him.*

Are your salesmen well supplied with business cards and printed literature concerning your firm? Or do they have to get along with whatever they can find? The salesman is your personal messenger. He has access to homes you may never enter. What do you give him to remind people there of you?

Let's turn now to Question No. 2: HAVE WE GIVEN HIM SUFFICIENT SALES TRAINING?

Are you turning men loose in your community who are just "feeling their way around?" How many of your salesmen understand the personality of selling — when to start talking, and when to stop talking? How many men do you have who understand the importance of "follow-through," who know how to go back, time and again, until the sale is made?

Do you have men representing you, who are working under a terrific handicap because you haven't taken the time to point out the importance of knowing all there is to know about a listing before they try to sell it? Have you explained to the newer men about the importance of knowing about coming improvement districts, about

special taxes due to be assessed, about quiet residential streets soon to become one-way through-streets for morning and evening traffic. It is dangerous *Not* to know about these things. *You* may know about them, but do your salesmen?

Do you take the time to inform yourself, and then to inform your salesmen, of regulations and requirements imposed by our local, state and national government? What do your salesmen say when the prospect asks, "Why isn't this a 25-year loan?" Or, "Why do I have to pay so much down on this \$13,000 house? My friend bought one for only \$1,000 less, yet this down-payment is nearly twice as large as his." There are salesmen who are able to explain that the credit restrictions applying today make it pretty tough on houses above \$12,000. The buyer can understand an explanation like that. But he can't understand the salesman who says, "Gosh, I don't know what the difference is. Maybe the loan company liked the other house better than they do this one." Sounds silly doesn't it? But salesmen do say things like that, if not properly trained.

The salesman who feels he is well informed works in an atmosphere of confidence — he is confident in himself, and his prospect has confidence in him. The salesman who "just doesn't know" about things usually winds up with a prospect who feels the same way.

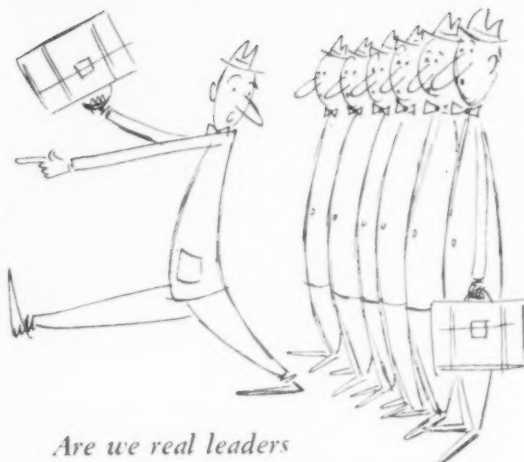
Here is Question No. 3: HAVE WE GIVEN HIM REASON TO TAKE PRIDE IN HIS WORK?

What do our salesmen think about selling real estate, as compared with stocks and bonds, or automobiles, or appliances? What makes him think real estate is the best deal for him? It is, isn't it?

Have we taken the time to point out that a thoroughly experienced real estate man can reach a status of professional importance to his clients? The proper real estate counsel can be just as important and as valuable to one person as the proper legal or medical counsel can be to another. A good real estate man is highly respected in his community, and most times is a leader in it. There is always a need for more persons qualified in this highly specialized field.

What is the appearance of your office? Is your salesman proud of his business home, or does he have to make apologies when he brings a prospect into your establishment?

Do the employees in your office work in cooperation with your



*Are we real leaders
in the eyes of our salesmen?*



*Do we set
specific goals
for him to reach?*



*Do we keep him supplied
with cards and literature?*

salesmen? Or do some of your salesmen have the feeling that they are entirely on their own? Many office employees resent the better earnings or the free and easy hours a salesman seems to enjoy. Does your office reflect this situation? Think a bit before you decide.

Where do *you* stand, in the eyes of your salesmen? *You*, as an individual in the community? Are you well liked and respected? Do you do your share, or *more* than your share, in community activities? Where were you during the last polio drive? Are you an outstanding member of your local real estate Board? Are you an active member of your Chamber of Commerce? Do you belong to a good service club? Do the business leaders in your town know you by your first name? Salesmen are a funny lot. They always work best when they are *following a leader*.

How well informed do you try to be? Can each of your salesmen confidently feel that you are the man who can answer his questions — or tell him where to *find* the answers? The proudest boy you know is the one who thinks his Dad knows everything. Satisfied salesmen like to feel that way about their boss.

Question No. 4: DOES HE UNDERSTAND THE ADVANTAGES OF WORKING ON COMMISSION?

Have you ever taken the time to find out how each salesman feels about earning his living on a strictly commission basis? Is he satisfied with the arrangement? Is he afraid? Is he now on the bare edge of existence financially, so that the importance of making a sale is so great that he is under extreme pressure when he gets close to one?

Is his wife giving him a bad time because he doesn't have a regular salary?

Have you explained to him that most people must go through life working on a salary (which is another man's opinion of what they are worth), while a real estate salesman can climb the stairway to the stars, if he is of a mind to, because if he wants to earn more, *all he has to do is sell more!* Have you explained to him that, in spite of wage ceilings and whatnot, no one has yet attempted to put a ceiling on his income. The only person who can is himself!

Have you asked him how many actual hours he thinks he worked last month in earning that \$600 income? Let's say he really worked the equivalent of regular 40

hour weeks — approximately 160 hours. Looks like he earned \$3.75 per hour, doesn't it? Where else — doing what — could he earn \$3.75 per hour?

And while you are on the subject, it wouldn't hurt to point out to him that, on the basis of his past performance, the two hours he killed sitting in a movie yesterday afternoon cost him \$7.50 PLUS the price of admission!

No man can ever be successful selling on commission until he has sold himself on the idea that he has enough of that certain something *to make him more money* than he could ever make on a job that only gave him something certain!

Question No. 5: DO WE SET SPECIFIC GOALS FOR HIM?

Nothing much is ever attained without a *specific* objective. There is a lot of difference between the aimlessness of "going for a walk" as compared with the specific objective of "walking home for lunch." Any salesman can tell you there is a whale of a difference between having a specific goal of four sales this month, instead of a goal of *more* sales this month.

What happens when you set an objective? The objective becomes a challenge to each man, but in the eyes of the group it becomes a contest. Let one man climb a *designated* mountain, and immediately those around him seek a higher mountain to climb. But isn't it strange that this never comes about until someone has been given the challenge of climbing the first mountain?

Do you set specific goals in your office? How many listings do you expect from each man each month? How many sales every thirty days? If you ask for two, maybe he'll make it. If you set a goal of four, he might not reach it. But, like as not, he will turn up with three, which is a net increase in his income — and yours — of more than one-third over what you might have had without the proper objective.

Do you offer *incentives* in order to gain a specific goal? There are dangers, as well as advantages, in this type of approach. Let's try first of all to define the word "incentive." I think we can say that an incentive is what we add to what we have, in order to get *more than normal action*.

In other words, we offer the incentive in order to get the best that's in a man. Normal rewards may impel him to work, but incentives make him *want to work*,

perhaps give him a more eager approach to the job at hand.

Well, what kind of incentives are there? They are not always of a financial or prize-winning nature. Incentives can arise from the things that management provides — the things we have been discussing. There is plenty of incentive to better accomplishment if we provide the proper selling tools and sufficient sales training. It is hard to measure the incentive you have provided if you give a man reason for pride in his work. If you have shown him the advantages of working on commission, you have given him the greatest incentive of all — the opportunity to increase his income at will.

What of the more material incentives: Prizes, money, and the like? No one questions their value in helping to keep a salesman selling. The use of prizes and money as incentives takes lots of thought and planning, and the rules and the awards must be decided by you. How long should a contest run? What kind of point system — number of sales, or dollar value sold? What about cooperative deals with other firms? How many points? These have to be worked out by each office.

No matter how you do it, when the contest is over, **BE PROMPT IN MAKING THE AWARDS.** This is the most important part of your contest.

What of the dangers in awarding prizes or cash incentives? Only this: When you have provided any group of people with gifts, awards, doles, bonuses — no matter what you call it — you may find yourself in a spot where *you can never stop giving*. Human beings get *used to receiving things*, and the time will come when they will resent, almost to the point of hatred, anyone who stops the flow of what they are used to receiving.

There is only one answer then, to the awarding of incentive prizes. The awards must be for accomplishing *specific* goals — not for the "high man" who was *trying to accomplish them*. If you will make that your rule, you will pay only when you get value received, and the salesmen who win under such circumstances will gain the added incentive of being recognized for *superior* accomplishment.

Yes, there are ways to keep your salesmen selling. All you have to do is revitalize your thinking, and then do what you have to do so that you will never lose your "flying speed."



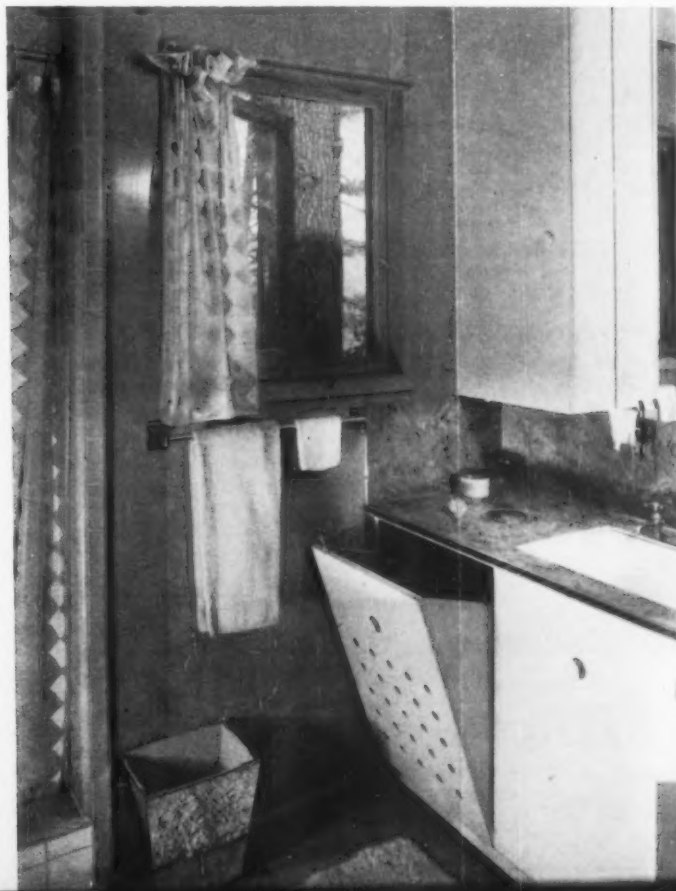
Try this for that "extra room" sales puller. The planners of this home left out a partition that would have separated a cramped cubby-hole from the living room and replaced it with a wall-to-wall accordion door. This pleasant nook adds area to the living room, yet has many separate uses — den, library, television room, or an extra bedroom. The wall on the left is a closet unit with sliding doors. The desk can double as a dressing table, and the couch can be converted into a guest bed.

Try these for sales-pullers

Here's a storage unit that utilizes nearly every inch of space, yet all of it is easily accessible. Hidden by sliding doors, it is sure to win the whole-hearted approval of prospective buyers.



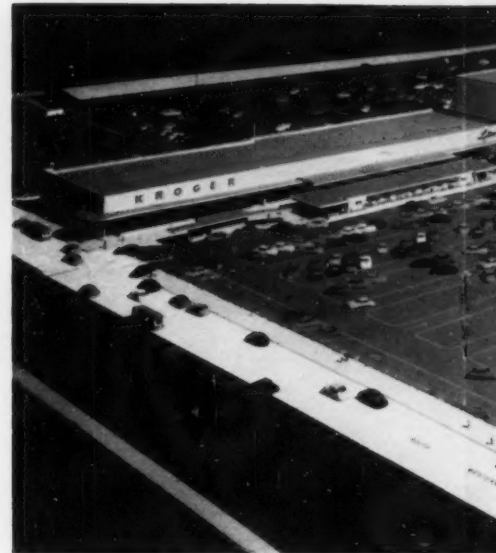
In homes for sale it's the little extras that catch the eye of prospects. Here's a bathroom hamper built under a counter-type lavatory. Wall cabinets use more of the available space.



Design for shopping

By ARTHUR RUBLOFF, *President**
Arthur Rubloff & Co.
Chicago, Illinois

Planning a regional shopping center takes more than a full knowledge of commercial real estate. You must know the merchandising problems of every tenant. You must know the shopping habits of the people you hope to serve. Your entire design must be based on convenience and complete facilities for Mrs. Shopper. Evergreen Plaza is an acme of these vital design problems



PEOPLE are put to many inconveniences to spend their money.

Think that over. Think of the dozens of little difficulties that keep shopping from being the exciting pleasure it should be. Think of ways of eliminating these difficulties, of replacing them with conveniences and services. This line of thought will lead you to some inkling of the tremendous possibilities of a one-stop shopping center that's planned and built from scratch. It will also give you an inkling of the monstrous tasks of planning and research that such an undertaking requires.

Building a large shopping center is probably the most difficult enterprise in the whole field of real estate development. This view is shared by all who have experienced the task. Full knowledge of commercial real estate is inadequate. You must also have a thorough knowledge of merchandising and its techniques. The merchandising problems of every tenant play a role in the destiny of your project.

The first step in shopping center development is to find a site of proper size in a suitable location. This is often a frustrating problem, although it may be much easier to conceive and build a center in one city than in another. For example, it is far more simple to locate and develop a center in Los Angeles than it is in Chicago — which, in my opinion, is one of the most unfavorable cities in the United States for such a project.

However, I did develop one in the Chicago area — Evergreen Plaza, which has a potential annual sales volume of \$75 million by 1960. I searched endlessly for a site and traveled the length and breadth of the city many times. In 1940, I thought

I had found an ideal location in the east part of town. But the area was too excessive and the area was too small — the largest assembly of stores on only 10 or 11 acres. For a long time, I had an option on another property on the South Side this city. I did a lot of exhaustive research. I did not think it did not warrant the time and money in my mind. Another party had bought the so-called shopping center. I wish him luck.

After many years of searching, I had found a site at 95th and Wabash, whose potentialities appealed to me. I undertook to develop it, and I had to have of having to assemble property — a task I should not have taken again. If my experience has helped the reader, please believe me. I hope you never take on a project like this.

What are some of the reasons for this site I finally chose? The answer is: shoppers who are now coming to the site.

The location is at the heart of the greatest industrial area in the city. Every type of light and heavy industry is concentrated here. The area is densely populated and easily accessible from all parts of the city. Half a million people are within a short driving distance. Major highways are adjacent to the rich residential section. It is at the junction of main traffic arteries. The volume of automobile traffic is terrific — surveys show it is the largest passenger cars a year in the city's public transportation movement.

The immediate surroundings within and without the site show a growth with a greater than that of a

*This article was prepared from a talk given by Mr. Rubloff before the Chicago Real Estate Board.



HEDRICH-BLESSING PHOTO

Two levels of stores, parking areas make full use of 23 acres. Upper level view shows front parking arrangement, pick-up station for shoppers' bundles

and an ideal location in the north-
of town. But land costs were ex-
d the area wasn't large enough
gest assembly possible being
11 acres. For three years I held
on another piece of property —
uth Side this time. But after ex-
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veys show it to be about 14 mil-
nger cars a year. And good pub-
ortation moves in all directions.
mediate surrounding area, both
d without the city limits, has
growth within the last 10 years
an that of any other section of

Chicago. For example, occupied dwelling
units in Evergreen Park and Oaklawn have
increased more than 150% since 1940. In
Worth, Palos, and Stickney townships, this
increase is 90%. Between 1940 and 1948,
20,000 homes were built in these com-
munities, and building still continues at a
fast pace in all of them — including Bev-
erly Hills. Since there is ample vacant
land in three directions, future growth of
the section — both industrial and resi-
dential — is assured.

It is interesting to note that the princi-
pal shopping section of Chicago's South
Side does a volume of \$150 million a year.
The next largest volume produced in the
city is about \$60 million. These figures
give an idea of the tremendous concentra-
tion of buying power on the South Side.

Research also developed the following
important facts about the site of Evergreen
Plaza:

- 1) There would be minimum competi-
tion from established business districts.
- 2) There is an annual income of \$5,000
per typical family in the area.

There are 23 acres in Evergreen Plaza.
This may seem a small area in relation to
some other shopping centers; but here the
topography, which seldom is in favor of a
builder, made possible one of the most un-
usual centers ever built. The slope of the
site was such that we were able to develop
two levels of stores. This enabled us to
get in 75 stores with 4000 lineal feet of
frontage. If placed in a straight line, these
stores would extend 12 blocks; but because
we were able to build on two levels, every
store is convenient to the parking area.

Parking areas, too, are on an upper and
lower level. The lower level will soon be
double-decked, a stratagem that will give
us space for another 1,000 cars, provide

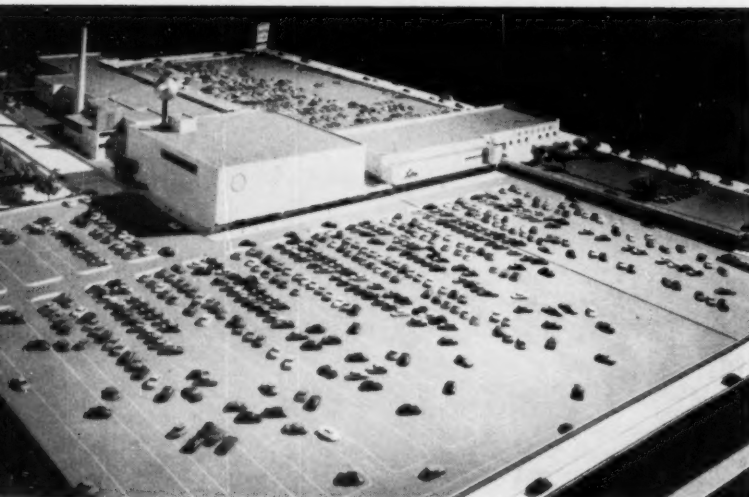
covered parking for about 1,300 cars, and
also give us another 200,000 square feet
of retail store space. Altogether, we'll be
able to park about 2,700 cars in the main
area and about 1,000 in an employee park-
ing area. We might park more, but we
have allotted space on the basis of 385
square feet per car — which should make
for easy parking on the part of even the
most unskillful driver. The double decking
of the parking area will be set back 66 feet
so that it will in no way darken or oppress
the lower-level stores.

You hear of shopping centers that will
accommodate 6,000 to 8,000 cars. This is a
tremendous number when you consider
that a profitable operation on this scale
would indicate a turnover of 40,000 cars
a day. The traffic problem in such a center
would be some task to reckon with. You
could park 100,000 cars in the deserts of
Nevada, but could the highways leading
to the spot accommodate that volume?

I anticipate that 15,000 cars go in and
out of Evergreen Plaza each day — 15,000
cars had better go in and out of Evergreen
Plaza each day if the cash registers are go-
ing to ring the way we want them to!

You can see how, through research and
study, we've located a shopping district
where a great many people will find it
convenient to spend their money. We've
provided a parking area. Now let's look
at some of the other things we've done to
remove some of the little difficulties en-
countered by people with money to spend.

In my opinion, the ordinary super mar-
ket does not add to the volume of other
businesses located in the neighborhood —
at least not to the extent that it might.
For one thing, when the shopper completes
her grocery purchases, she is so loaded
down with packages that her chief con-



HEDRICH-BLESSING PHOTO

Lower level view shows immense 2200-car parking area. Eighteen retired policemen will be trained to assist shoppers. Four registered nurses will operate a nursery. Double escalators connect both levels

cern is getting home. Consequently, she isn't likely to visit other shops except for articles she is very much in need of.

In both our Evergreen Plaza super markets, Mrs. Shopper is given a claim check at the check-out counter. Her packages are placed on a conveyor system that carries them underground to one of the pickup stations in the parking lot. So, bundle-free, she may shop the development to her heart's content. Then she need only drive her car to the pickup station, where — without leaving the wheel — she will present her claim check, and an attendant will put her groceries into her car. As a further inducement to carefree shopping, Evergreen Plaza Arcade has a nursery staffed by four registered nurses. Toys, sand boxes, milk and cookies — even diaper changes — are a few of its features. There's a small charge of 25 cents an hour for the parking of children.

The arcade also has a 6,700-square-foot lounge where customers can relax in comfort, meet their friends, make telephone calls. There are wash room facilities, lockers, and lounge areas exclusively for women. Here upper and lower levels are connected by double escalators as well as by stairways. Sixteen shops surround this area.

There is good evidence to support the belief that people nowadays prefer to shop late in the morning rather than early. Then, too, many people who work all day find it convenient to shop in the evening. Therefore, business hours in the center will be somewhat revolutionary — five days a week stores will be open from 11 a.m. until 9 p.m.

To minimize traffic inconveniences, we are employing 16 retired traffic policemen to operate under supervision of two re-

tired police captains. These men will be given a course in public relations. They will be trained to assist shoppers in every way possible, to give information about the center, to greet regular visitors cordially. This service and the maintenance of the parking area will cost \$90,000 a year.

Naturally, a great deal of thought was given to the types of merchants selected and to the location of the various stores in the plaza. The largest store in the development is our department store, The Fair, a branch of the Loop store. It is at the very center of the group of seven buildings. It has 200,000 feet of floor space and is four stories high. Since it has entrances on both upper and lower levels, it has the advantage of two "first" floors. Henry C. Lytton & Co. will also occupy a store with entrances on both levels.

We have such other tenants as Lerner Shops, S. S. Kresge, Singer Sewing Machine, Howard Clothes, Fannie May Candies, Walgreen, Hudson-Ross. All types of service shops are also represented. There are a large medical center, a post office substation, a unique beauty shop with massage and exercise rooms. Our super markets will be operated by Jewel Tea and Kroger.

A group of specialty shops is situated in three buildings on the upper-level pedestrian mall. A fourth is occupied by a bank. The buildings are arranged into a two-sided shopping thoroughfare that is completely canopied to encourage shopping in every kind of weather. All the buildings are set back from 300 to 450 feet from the sidewalks surrounding the project. This unusual recession results in all the parking being in front of the shopping area — an arrangement that shoppers prefer.

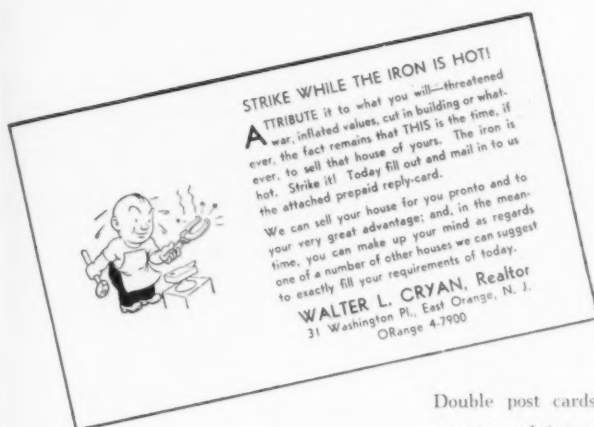
To lease the stores in so huge a project, we set up a Loop office staffed by men well keyed to our problems. Here we made \$100,000 worth of research available to prospective tenants. We hung large diagrams of the project on the wall. We had photo murals made. We built a large-scale model of the project.

Leases, except those of the medical center and perhaps some other service areas, are based on minimum guaranteed rentals against a percentage of gross sales. Tenants are obliged to do their own decorating, install fixtures and special store fronts.

One of Evergreen Plaza's unusual features is a spectacular, eight-story pylon, magnificently illuminated, which can be seen for several miles in every direction. This sign will become a landmark that will keynote the whole center.

All buildings are beautifully and simply designed and are fireproof. Offsite improvements will be landscaped with mature trees and shrubs. The site will be attractively illuminated after dark.

Evergreen Plaza was designed to make shopping easy and convenient — and also to be a credit to the community and buying public it will serve.



Double post cards, if carefully aimed, brief, easy-to-read, interesting, are good listing getters

MAILINGS TO PRODUCE LISTINGS: the double post card

The author, a specialist in real estate sales aids, points out that the lowly double post card can do effective work for you if it's skillfully written, attractively designed, and sent to a good list of prospects

By A. ROWDEN KING*

A CONSTANT supply of new listings is the life-blood of a real estate firm. To paraphrase Mr. Churchill — in few other businesses does so much depend upon so little.

Every firm has its own favorite method of getting listings, but sometimes an auxiliary one is needed. In this light, let us consider the double post card.

This relatively inexpensive messenger is about the simplest direct-mail listing-getter there is. And, if well conceived and sent to a good list, it can do yeoman work for you.

The double post card should be planned and produced by some one who knows how to write copy and who knows a lot more about real estate and about property-owner psychology than the average printer. It should be carefully aimed, brief, easy-to-read, interesting.

To be specific, here's a sample of copy that brought good results:

DOESN'T FIT THE PICTURE?

Doesn't your present home fit just right into your picture-for-

living today? True, it may have fitted yesterday, but today—that's a different matter.

We know how it can be: More children — you need more house; children marrying off — you need less house; neighborhood changing — you've noticed the "I-want" look in wife's eyes ever since she saw Friend Betty's streamlined kitchen.

Well, we can sell your home in a streamlined manner; and, in the meantime, we can be getting a new home for you that will make the whole family happy.

Then, under a drawing of a man trying to fit a piece into a jig-saw puzzle picture are the words "We suggest that you fill out and mail the attached prepaid post card."

The last paragraph of this double post card approach, you will note, is also double-barrelled — calculated to produce prospects as well as listings.

Another effective card is titled "Strike While the Iron Is Hot!" and is built around the theme that now is the time to sell. Another is headed "There's every reason why you should sell through a Realtor"

and lists four reasons. Still another offers a free evaluation.

Now there's one thing about double post cards that you wouldn't think of as being particularly important unless you've had a lot of experience with them. That's the wording of the reply card. People have a feeling that post cards are read along the way to their destination and they don't like to put personal information on them. So keep the matter on this part of the card as noncommittal as possible. Just put your name on the address-face only and don't run "Realtor" or "Real Estate" or anything like that under it. It may even pay to go so far as to run the line, in small type: "This card may be returned in an envelope if you wish."

As to the actual wording of the reply card. I suggest something like this: "Please have a representative contact me. Convenient time: _____." That won't tell the gossipy old postman much.

*Mr. King has produced real estate sales aids for the past 31 years in East Orange, New Jersey. The postcards reproduced above are copyrighted by King.

Readers of four leading consumer magazines still give a rousing cheer for the American ranch style house with clean, simple lines. *Journal* editors believe readers' reaction to the houses presented in these magazines is a good yardstick to measure home-seekers' wants

Home design favorites of 1951

WHAT type of home will be most popular with home-seekers this year? Will they want larger or smaller homes . . . modern or traditional? Will it have one or two stories?

Believing that reader reaction to the houses featured in leading consumer magazines is an authentic gauge, *JOURNAL* editors asked the editors of four such magazines what house was most popular with their readers during the past year.

McCall's readers preferred a house that was modern but not extreme. The house is of brick cavity wall construction and has long, low lines. Every room in it faces the garden at the rear of the house. It has a wealth of closets and storage space. A double garage and high windows on the front offer privacy from the street.

In the rear, full-length doors and windows open to a large flagstone terrace that stretches the full width of the house. The roof overhangs to let in the winter sun and keep out the summer sun. Front

and end exterior walls are of brick. Garage and rear walls are of pine shiplap with horizontal battens.

A double-door entry leads into the living room or through a hall into either of the two bedrooms. Privacy and quiet are insured by a door at the right of the entry which completely shuts off the bedroom wing. Each bedroom has its own linen closet and bathroom.

The house has 1,524 square feet of floor space with 506 square feet in the garage, making a total of 2,030 square feet. Overall dimensions are 53 x 60 feet.

Readers of *The American Home* preferred a less pretentious house . . . one engineered for performance and designed for comfort, but for a lower price. Their favorite house has two bedrooms, a bathroom, living room, kitchen, full basement, and a third bedroom which can be used as a dining room or a den. It has an attic that can be converted into living space.

The exterior is of brick with a vertical board-and-batten facade

painted sage green. In the front, a shuttered bedroom window and a living room picture window overlook a brick-paved gallery that runs the length of the house. The gallery has a white fence along the front, and is flanked at each end with a trellis from ground to eaves. This gives the home an airy look and softens the lines of the brick structure.

Inside, a paneled fireplace wall gives the living room a warm glow. Shuttered doors separate the dining and living rooms. An entire wall of French doors invites the back yard into the dining room. Living area in the house is about 1,000 square feet.

Good Housekeeping readers also favor an economical house with a versatile room arrangement and abundant storage space. They like spacious windows and roomy eating places.

The house has three bedrooms, bathroom, kitchen, full basement, and combination living-dining room. The third bedroom has a



BETTER HOMES & GARDENS



folding wall and a direct door to the kitchen. If more space is desired in the living room, the third bedroom may be converted into a dining room and the living room extended into the former dining area.

The kitchen is large enough for laundry facilities and has a dining nook in one corner. The home has a large fireplace in the living room, a dozen closets, and a front hall with coat closet. Floor space is 1250 square feet. Overall dimensions are 42 x 32 feet.

The outside walls are done in wood shingles, brick veneer, and vertical siding. Long, low plant boxes hug the ground on either side of the front entry.

Favorite house of *Better Homes and Gardens* readers for the third consecutive year is an L-shaped structure with double garage, screened porch, and a terrace protected by a large roof overhang. It has three bedrooms, two bathrooms, utility room, kitchen, and a combined living-dining room divided by a folding wall. All rooms but the kitchen open into a central hall that runs from the front entrance to the rear bedroom. This plan keeps rooms uncluttered and free of traffic jams.

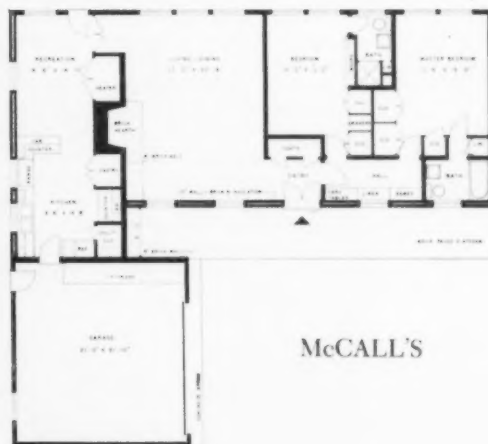
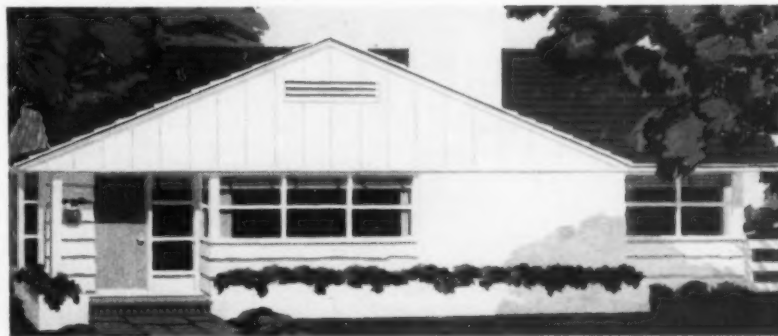
The exterior is done in brick veneer and horizontal siding. Overhang on the terrace side gives a protected passageway from garage to house. Because of the L-shaped layout, the house has extra living space. The terrace between the screened porch and garage has a barbecue pit for outdoor meals. The utility room carries indoor-outdoor traffic, and its central location saves steps for the housewife. Interior floor space is 1500 square feet. Porch and garage areas bring the total space to 2200 square feet.



AMERICAN HOME



GOOD HOUSEKEEPING



McCALL'S

How to Figure Value of Multi-Family Dwellings

By C. J. DUNCAN, *President**
C. J. Duncan Co.
Oakland, California

Estimating apartment house value takes more than guesswork and simple arithmetic. Competence of management alone can distort

balance sheet figures. The author outlines here a time-tested method

MOST REAL ESTATE salesmen have a quick, easy way of figuring the annual net income of a multi-family dwelling. They use the rental figure the owner says he is getting or could get if he managed it better or wasn't holding part of it for his own use.

From this amount they deduct some figures the owner says are about what the expenses are or should be if he managed it differently or did certain things that he hasn't done. If the owner doesn't have these estimated figures, the salesman guesses at them.

He puts all these figures down, subtracts, and comes up with an answer he calls "annual net income." The salesman then offers it to the prospective investor as a 10% net return and becomes highly indignant when he questions the figures. Result—the investor makes an analysis of his own and decides to keep his money where it is.

This is not the correct method, obviously. Even though the rental and operation cost figures which the owner gave the salesman represent the actual income and the actual operation cost, they seldom disclose the true picture. Frequently, both of these figures are completely distorted by the effectiveness of management alone.

There are better ways to arrive at the net annual income. I am going to outline a capitalization method of estimating the value of a multi-family property, and apply this method to an actual case history.

Before I pin this method down to a hypothetical case, I will give you my definition of "value" as it pertains to multi-family dwellings so that you will know what I am talking about. I define value in terms of dollars and their current purchasing power.

The dollar is the measure of value and is essentially the credit of the United States. Therefore, government bonds, which are an investment and are issued on the same credit of the United States, become the basis or measuring stick of all other investments.

If government bonds find a free market at a given net return the investor will not forsake that market for some other investment having less safety and liquidity, unless the additional net return is commensurate with the added risk and rigidity that he would assume in the other investment.

Generally speaking, it is the net return weighed against the safety and liquidity that determines the stability and desirability of all investments. Remember, all investments compete for the investor's dollar.

*This article is condensed from a lecture by C. J. Duncan delivered at the Oakland Real Estate Board Institute on Values

Of this multitude of competing investments, real estate is a type having innumerable subdivisions. For example, some leased commercial properties approach the safety and salability of a government bond, while some other real estate investments are almost as highly speculative as the wildcat oil or mining stocks.

Multi-family property in the large urban areas has become one of the prime investments for surplus funds. Many investors have made it their business, and they devote their entire time and capital to investing in and managing multi-family properties.

Since yesterday has passed and we can't foretell the future, we must consider "value" as it exists today. And the conclusion we reach today will change directly with the change in the purchasing power and earning capacity of the dollar. This is the time element.

In the case history I'm about to discuss, I'll assume it is an investment that is free to seek its own level in competition with other investments. In other words, there is no artificial barrier or control imposed upon it that could temporarily distort its true relationship with other forms of investment.

Worth What It Produces

An old adage says, "A property is worth what it produces." This means that, if, in relation to other investments and to the worth of money, an apartment house must produce a given net income in order to lure the investor's dollars into that field, then the investor will buy it only at a price that will pay him that net return on his money.

The professional appraiser might quarrel with this theory and say that it is only one of the three approaches to an appraisal, that each must be considered separately and then in unison to arrive at a fair estimate of value.

Certainly, *comparable sales* as well as *reproduction costs* have a direct bearing on any estimate of value, but it is probably true also that *comparable sales* and *reproduction costs less depreciation* are directly reflected in the theory of what it will produce.

In the long run the law of supply and demand, not the cost, determines the rental value. It's the rental value that determines the income, and the price of money determines on what net return a property is salable. Then the theory "it's worth what it will produce" isn't too much in error after all.

This theory is being proven now. There are many apartment houses being offered for sale at less than

reproduction cost less depreciation and few of them are being snapped up by investors. Why? Because the laws of supply and demand have determined what rental they can produce, and that rental is not producing a net return great enough to lure the investor's dollars out of the stock market or some more lucrative form of investment commensurate with the risk involved.

Therefore, we can assume there is a certain net return that will entice the investor away from other fields into the multi-family real estate market. Until that net return is reached the market will remain static and sales will be slow.

Remember that I'm speaking about the market generally. I'm not speaking about the isolated case that has unusual speculative "plus" factors nor about the buyer who will pay a high price for a certain property just because he wants it. These are unusual cases and they don't make up the bulk of the transactions in any class of investments.

Plus and Minus Factors

There are several plus and minus factors that are to be added to or subtracted from the normal estimate of value to determine the end result. Many of these can be summed up as questions:

- 1) Is the structure a proper improvement for the neighborhood, or is it out of place?
- 2) Is it underbuilt or overbuilt?
- 3) Is the architecture good or atrocious?
- 4) Is it on a noisy or a quiet street?
- 5) Is it potentially a business property or a slum?
- 6) Is it isolated from schools, transportation, and shopping, or are these facilities near at hand?
- 7) Is it in a changing neighborhood or on the border?
- 8) What is its general appearance and condition?
- 9) What is its state of obsolescence?
- 10) What are its structural faults and virtues?
- 11) What is the tenancy?
- 12) Are there any restrictive or beneficial leases?
- 13) Is the financing advantageous or detrimental?
- 14) What kind of lot does it sit on?

There are dozens of other pertinent questions, the answers to which are determining plus or minus factors.

Now let's get down to the case history. We'll eliminate the unusual speculative features and the unusual purchaser, and assume that the plus and minus factors offset one another.

The building we'll consider is a medium class type having from 12 to 36 rental units. It is located in a medium class neighborhood, is regularly built and well arranged, has three stories, and is frame-stucco constructed.

Let's assume that supply and demand has created a steady, healthy market for this type of investment on a basis of 7% net return to the investor. And let's further assume that this is the net return that is competitive with all other investments, and that will attract visitors to this field.

Now, if we knew the net income, we could estimate the valuation by capitalizing this net return figure at 7%. But, before we can arrive at that net income figure, we have research and analysis work to do.

The first thing we must do to arrive at the correct net income is to establish what the rentals should be based on. These factors are: good management, competition, state of obsolescence, supply and demand, and the general trend and future outlook for the type of rental units in question. The total of these rentals,

then, is the gross income figure we should use, not what the statement says.

The same theory applies to the cost of operation. Let's be honest about what the actual cost of operation would be under competent management in a competitive market giving the tenants the conveniences and services they are entitled to without extravagance or waste.

What do these operation costs include?

Let's enumerate them, including the most frequently overlooked or ignored. Let's use all the figures we deduct when we make up our income tax returns for Uncle Sam:

- 1) Taxes — city, county, special assessments, and city licenses
- 2) Insurance — fire (full coverage), boiler explosion, elevator, social security, unemployment, workmen's compensation, public liability, plate glass, rental
- 3) Utilities — gas, electricity, water, garbage disposal, vestibule telephone, manager's telephone
- 4) Labor — manager, janitor, gardener
- 5) Maintenance — janitorial supplies, garden supplies, office supplies, plumbing, painting, electrical, pest control, elevator repairs and inspection, furniture repairs, laundry, carpet cleaning and repairs
- 6) Miscellaneous — advertising, bookkeeping, and so forth

These are normal operation costs that recur each year regardless of vacancy percentage, depreciation or obsolescence. So we must figure our fair allowances for these three factors and add them to the cost of operation. We then subtract this sum from the gross income we arrived at before. The answer we come up with is a fairly true, anticipated net annual income. When we capitalize that on the basis of 7% as previously assumed, we get the estimate of valuation that we have been seeking.

Figuring Vacancy Percentage

You may ask, "How do you arrive at a proper vacancy percentage?" The answer is that at best it is very difficult. The laws of supply and demand are very fickle and if there were any known scientific method of arriving at that percentage figure in advance, an apartment house investment could almost be more desirable than a government bond.

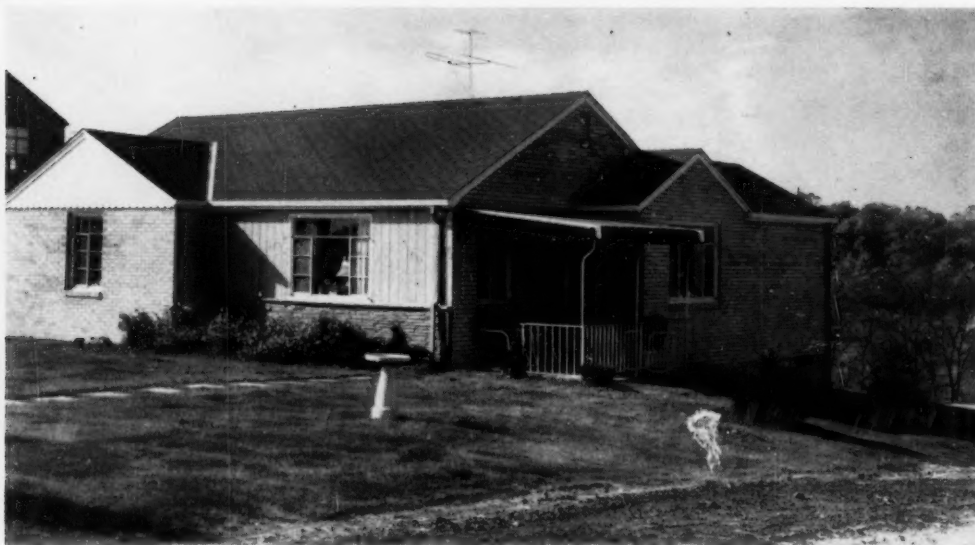
Or you may ask, "How much do you allow for depreciation and obsolescence?" The answer is, the cost of the improvements, and the furnishings separately, may be depreciated in equal annual installments based on the estimated remaining economic life of each. This can range between 1% and 10% annually on a building, and brand new furnishings and carpets can be completely depreciated in 5 to 10 years.

There is a popular misconception that depreciation and obsolescence are the same thing. They are not — depreciation is the decline in value of an asset due to wear and tear; obsolescence has nothing to do with wear and tear, and it is the decline in value of an asset due to its becoming out of date or outmoded. For example, old-fashioned light fixtures and bath tubs are obsolete whether they are worn out or not.

The capitalization method I have outlined is not the only way, and may not even be the best way, of arriving at a proper estimate of the value of a multi-family property. It is merely one of three approaches and I have simply chosen one of them. Whichever of the three methods is used, the end result will nearly always work out about the same, and the property will, pretty much, be worth what it will produce.

Satisfied customers can be your best salesmen. To make them work for you, tell them about your company's operating methods, about the quality of workmanship and materials that go into their homes. Then keep those buyers satisfied. Brown & Vaughn, Pittsburgh real estate builders, credit 90% of sales to these background salesmen

their customers help them sell



Masonry exteriors dominate houses in Longvue Acres. Wood siding is used for variation. This three bedroom home sells for \$14,150 including utilities and a 75 x 140-foot lot



CONVERTING raw land into a community of satisfied home owners takes planning, foresight, and a keen sense of business. But when one organization performs all the jobs from selecting the land to fixing a disgruntled home owner's leaky faucet it takes something more. Success then hinges on the ability to slash costs to the bone and to sell the public on the organization and its product.

Brown & Vaughn Development Company of Pittsburgh, Pennsylvania, are large scale real estate builders with the management concentrated under one roof. They not only use precutting and prefabricating methods on the lumber and millwork, but also on the

plumbing. Fully furnished demonstration houses, contacts with industrial firms, and newspaper ads find buyers for them. They have a definite program for selling the public on the company and its new houses, and for correcting legitimate complaints to help keep buyers satisfied.

During the past winter, Brown & Vaughn completed a 214-home project which is part of a development near Pittsburgh known as Longvue Acres. Sections of Longvue Acres already completed by the company contain 322 homes. Construction is just beginning on a new 90-acre section that will contain 250 homes.

Prices for the three basic houses

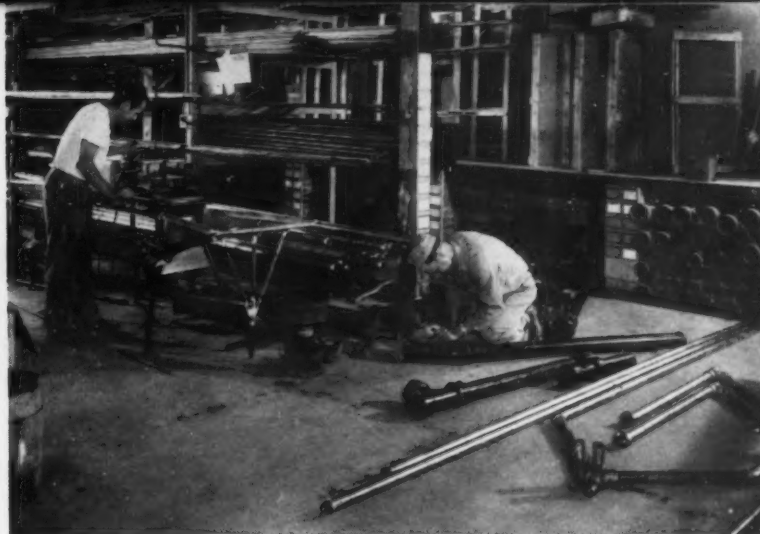
in the 214-home section are \$13,000 for a 786-square foot house and \$14,150 for a 1,089-square foot house, both one story models. The third model has two stories with a total area of 1,114 square feet, and sells for \$13,425.

Lots are approximately 75 x 140 feet, containing a minimum of 10,500 square feet. Gas, electricity, sewers, and city water are furnished to each lot. Streets are paved and curved for neighborhood beauty and traffic safety.

The builders use a technique for saving top soil that makes landscaping easy for the owners and saves the cost of new soil. They simply strip and store the top soil before operations are started.



Longvue Acres has curvilinear streets, large lots, fast highway communication with shopping facilities and industrial areas



Pipes are cut and assembled in off-site shop. Trim and framing lumber are also precut. Savings here go into quality material

When the homes are completed and graded the top soil is returned. This method keeps the plot clean during building operations and makes a good selling point.

Brown & Vaughn stresses that its homes are of the highest quality at the lowest possible cost. In addition to improving quality by first-rate workmanship, the builders use nationally-known equipment and building materials. Some of these products are: Janitrol gravity heating units, Chrysler Air Temp forced air heating units, American Standard, Kohler, and Eljer plumbing fixtures, Bond-ized Fenestra steel windows, National Gypsum and U. S. Gypsum plaster and rocklath, Armstrong cove base linoleum for kitchen and bathroom floors, Stepsaver kitchen cabinets, Cemline water heaters.

As much on-the-site labor as possible is eliminated. The company buys materials in carload lots to take advantage of bulk discounts and lower handling costs. It maintains a large warehouse and operates plumbing and woodworking shops. In the plumbing shop, skilled crews cut all the pipe to size and make up as many subassemblies as possible before delivery to the job. Other skilled crews in the woodworking shop cut both the rough lumber and the interior trim and bundle it for each house.

J. M. Brown, president, says, "We've used prefabrication methods since the company started operations and we're always seeking new ways of doing more of the work in the shop. Although we can't state our savings accurately we believe this method of operation plus continuous employment has cut our labor costs by about

20%." The company has from 20 to 60 houses under construction at all times.

One of the most effective parts of the company's formula is telling the public about its houses and methods of operation. To convey this message, the builders publish a two-color, 12-page brochure packed with information arranged in an easy-to-read style.

A full page tells about the advantages of the neighborhood, the facilities and conveniences that are near at hand. Aerial photos show the general layout. Four pages are devoted to interior and exterior photographs and floor plans of the three basic houses. Floor plans give accurate room measurements.

Another full page describes the organization and methods of operation of the company, a subject often overlooked in real estate builders' sales literature. This page shows pictures of the office staff, sub-contractors and building foremen, shop workers, and labor crews. Captions explain what part each group plays in the quality of the company's homes.

A full page tells how the company cuts costs through pre-cutting and pre-fabricating in order to buy higher quality materials for use in the homes. This type of information has excellent sales-pulling power and is the kind of knowledge prospective home buyers seek. Another page delivers the sales pitch and tells the prospect how he can "swing the deal." A schedule of hours and a large map on the back cover tell him where the demonstration houses are, when they're open, and how to get there.

The builders keep three fully-

furnished demonstration houses open during evenings seven days a week plus afternoons on weekends. Large directional signs are placed along the four lane highway bordering Longvue Acres to direct homeseekers to the houses. Sales are closed in the company offices rather than at the demonstration houses. The company's unfilled orders have fluctuated between \$500,000 and \$1 million for the past two years.

President Brown says about 90% of their sales originate with satisfied customers. How do they get satisfied customers? Through a plan designed to make the buyer feel the house was designed for him. The buyer is allowed to choose his lot, the plan which suits his needs, the color of brick, roof, and paint, plus "extras" from a large list which are available at added cost. Some of these extras are, additional picture windows, attached garage, porch, tile bath, fireplace, toilet in the basement. After the prospect buys the house, he is free to make complaints to the builders about defects in material and workmanship. The complaints are screened and the legitimate ones immediately corrected.

The remaining 10% of the sales are attributed to limited newspaper advertising and contacts with industrial firms. The builders invite members of the personnel or the real estate departments within the firms to investigate their homes. These company officials then recommend the homes to their employees. Brown says "the firms seem happy to have a source of homes to recommend to their employees, particularly to transferred junior executives."



JOE LUND

...portrait of a realtor

MOST REAL ESTATE BROKERS don't know what they're talking about. They waste the time of their clients, and their own time, too. I wish there was something we could do about it."

The tall, blue-eyed, soft-spoken young man flushed and sat down. There was a buzz around the table. The directors of the Boston Real Estate Board were holding their first meeting of the year 1938, and were seeking a project. Here was an idea.

"Why *don't* we do something about it?" someone said. "Why don't we formulate a sales training program, and get all of our younger members to learn the principles of real estate? I move we make the previous speaker chairman of a committee to do just that."

The motion was seconded and carried (as might be expected) and Joseph Wheelock Lund, somewhat a neophyte himself, found himself with an extra-curricular job. What he didn't know at that time was that he had also found an extra-curricular career. That casual remark in January 1938 set him on the broad path of real estate association activity, a path he has traveled consistently ever since, and which was climaxed last November when he was elected to be 1952 president of the National Association of Real Estate Boards.

Many in the industry don't know Joe Lund. Although he has worked faithfully and well in his own bailiwick and in committees for the national association, most of his effectiveness has been behind the scenes. As one prominent realtor expressed it, "He doesn't say much in a committee meeting, but when the evidence is all in, he comes out with what is usually the most sensible solution of all."

Joe is innately shy and retiring. He has a sly grin, which is infectious. You are almost bound to put the tag "Harvard" on him. You might say that he looks like he had just recently outgrown a crew cut and a fraternity pin—he is that young looking at 46. He comes from a long line of Harvard men, and his father and brothers are all distinguished in other fields. Last year he presided (in a top hat) as chief marshal of the University Commencement at the 25th anniversary of his class. His closest friends call him a "human Harvard man," as if they were stating a paradox. "Joe will be effective in places none of us could be," a national past-president confided to this writer. "He



Joe relaxes with Mrs. Lund in their Boston home. They have three children, Jack, 24; Mrs. Robert B. Almy, Jr., 21; Elizabeth, 14; and a grandson



In top hat and tails, Joe Lund presides as chief marshal of the University Commencement at the 25th anniversary of his Harvard class

has stature and polish, but he is also grass-roots, too. Everybody likes him. He is forthright and sound. And he makes a good speech. The entire industry will benefit by his leadership this year."

Joe while in college set out to be a lawyer. The first reason that made him change his mind was that he wanted to get married. He was in love, and the study of law would postpone for too long the founding of a home. The second reason was that he knew a friend who wanted him to sell real estate. All the bright young men in the Ivy league in those days were going into banking or selling bonds or stock brokerage, this man said. "Get into real estate," he explained. "It challenges good men, and isn't so crowded."

So Joseph W. Lund and Margaret Covode, from Michigan, were married in 1926, and the bridegroom started walking the streets trying to pick up listings and make sales. "The first deal of importance I made," Joe says, "and remember I was only 21, was to lease an old loft to a maternity shop. I got a thrill out of it, just as I get a thrill out of making deals since — not to forget also the disappointment that comes from not making deals I thought I would make."

Then came the Spring of 1929. The stock market was mounting. Men on all sides were making paper fortunes that dwarfed anything in real estate. Joe was caught up in the sweep of events. He joined Tucker, Anthony and Company, stock brokers, and rode with them through the boom, and the collapse. He stayed on for five years.

But real estate was again back into normal perspective. Theodore L. Storer, the General Manager and President, needed a branch manager for R. M. Bradley & Company, Realtors, for its Back Bay section. Real estate was at a low ebb, but Joe became convinced it would turn up. Besides, he hadn't swung too far from his first love.

The Back Bay branch had three salesmen, a building manager, a bookkeeper and an office girl. R. M. Bradley & Company was an old-line company, founded in 1887, and majoring in property management and brokerage. Joe busied himself in every department. Soon another branch office was opened. In 1941 Joe travelled to Minneapolis, Duluth, Seattle, Chicago, and other cities where the investment properties handled by the company's trust business were located. He analyzed the investments. Many of the properties were run down; some needed to be sold, others to be modernized. Investments ranging from \$75,000 to \$500,000 per building were authorized for rehabilitation.

A foundation stone of the Bradley Company is "responsibility." Joe Lund, as executive vice-president, believes — as he did in 1938 — that real estate men should know what they're talking about. He and his associates stress competent advice. "You should choose your real estate firm with the same care and consideration that you select your banker, your lawyer, or your doctor," a recent brochure of the company points out. "Weigh its reputation, credit standing and past and present performance." The company now operates five branch offices. Its brokerage volume runs well in excess of \$5,000,000 annually. Its property management department manages, maintains and modernizes 27 major office, commercial, and industrial buildings throughout the nation, in addition to the more than 40 separate properties in the Boston area that range from 11-story office buildings to a development of 275 low cost housing units for married students at the Massachusetts Institute of Technology.

Joe likes best transactions that benefit in equal measure all parties concerned. A typical example is a property the company managed that was about to be foreclosed. "The bank said it would sell the property to us if we could raise the cash necessary," Joe explains. "The stockholders of the property refused to put up any money. We went to the

principal tenant and persuaded him to put up \$10,000 as advance rent, to be credited to him during a five-year lease. We used this as a downpayment at the bank on a sale price of \$200,000 with a mortgage taken back of \$190,000. That was in 1945. Today the mortgage has been paid down to \$145,000 out of the earnings of the building, substantial cash balances have been built up, the stockholders have been receiving regular dividends, and within another six months we may liquidate the properties and return to the stockholders more than \$140,000."

On a recent trip to the west coast Mr. Lund learned that one of his tenants, a department store, was interested in buying a store in the middle west. He learned of a large store that was for sale. "We offered to buy the real estate if the west coast chain would operate the store. The final result was that the chain decided to buy the real estate (and we got the commission) but they were influenced by our willingness to purchase the property subject to their operation."

NAREB's president is a firm believer that realtors should be active in the upbuilding of their communities. From the beginning, he has always been active in civic affairs. He has been a member of the School Committee of Duxbury, Chairman of Public Relations of the Greater Boston Community Fund, and active in Red Cross. Last year he was a member of the council of the New Boston Committee, a reform group interested in getting the best men into public office. His father, Dr. Fred B. Lund, was formerly president of the American College of Surgeons, and his oldest brother, Dr. Charles C. was recently elected president of the American Cancer Society. Fred B. Lund, another brother, is a lawyer in Boston, and a fourth brother, Edward G., is Headmaster of Providence County Day School in Rhode Island. His sister is Mrs. John H. Kennard of Manchester, New Hampshire. Joe and "Peggy" Lund have three children, Jack, 24, in the real estate business in Seattle; Lydia, 21, now Mrs. Robert B. Almy, Jr.; and Elizabeth, 14, in school at Garrison Forest in Baltimore. A grandson, Robert B. Almy III, is a special pride and joy.

Joe's hobbies are duck-shooting and sailing. In between speeches, conferences, and necessary social activities this year, he hopes to find time to take a few shots at ducks in distant states. "I have the crazy ambition to go hunting in every state in the Union someday," he says. "So far I have hunted in 12. But ducks aren't the only targets we have for this year. You'll hear more about those later."



Two of 40 Boston properties managed by R. M. Bradley Company are the Lawyers Building, left, and a cooperative apartment building, below



Are written guarantees necessary?

All reputable builders stand behind the quality of their houses, but they differ as to how to tell Mr. and Mrs. Home Buyer about it. Should the guarantee be in writing? Yes, say some JOURNAL readers, believing it is a sound way of building confidence and goodwill. No, say others, believing that it causes unreasonable complaints, and is not so effective as an unwritten, yet understood, guarantee

HOW important is it for real estate builders to provide written guarantees on the homes they build for sale, and what procedure do they follow?

This question was presented to a representative group of *Journal* readers across the nation. Their answers show a general belief that guarantees, whether written or unwritten, are essential for building business and gaining the public's confidence. But how to make those guarantees known is another question.

Builder C. V. Barnes, of Bralei Homes, North Little Rock, Arkansas, reports that his organization has been giving written guarantees for the past five years. He believes that a written guarantee is a must for any builder who expects to stay in business.

"Our policy was adopted not only as a good public relations program," Barnes says, "but because it is a sound business practice. When an owner and a builder have a definite written

agreement on guarantee of construction, fewer misunderstandings result.

"Bralei offers a 90-day guarantee. When the home is completed and turned over to the owner, an official of the company goes over the house with the owner and makes a list of any adjustments or deficiencies. These are corrected at once. After the owner has lived in the house 90 days, he is requested to send us a letter listing all complaints. These are then repaired or, if not covered by the guarantee, explained to the owner.

"At one time, we offered a one-year guarantee," Barnes says, "but we found that the education of the public — with respect to building — was not complete enough for this length of guarantee. We found customers expected service on ordinary wear-and tear items. Also, they did not understand that the physical properties of some materials are subject to changes beyond the builder's control.

"Now, if a customer points out a defect in materials or workmanship that in our opinion is the fault of the contractor, we fix it without charge even after the 90-day period expired."

Barnes makes a point, we think, when he adds that FHA and VA appraisals should make allowance for the builder's guarantee of his work.

Members of the National Association of Home Builders may soon be required to issue a written warranty on their new homes starting in May. A service policy program was approved at the NAHB convention in January by the association's board of directors. The program would provide a six months' warranty for repairs and improvements after a new house has been completed and occupied.

To enforce the program local builder associations will set up inspection committees to sample buyer complaints and determine if they are legitimate. If the legitimacy of a complaint has been established, and the builder fails to correct it, he will be subject to expulsion from the national association, according to Alan Brockbank, NAHB president.

Many association members have already adopted some sort of service policy program. To help coordinate this program, and to obtain uniformity, the board of directors adopted a standard form of home owner's service policy, which reads as follows:

1) We hope you will be happy in your new home. It has been constructed in accordance with accepted home building practices. It has been inspected by our trained personnel and, where required, by the building department of the municipality in which it is situated.

2) As a matter of policy we will, upon written request to our office at the address appearing on this Service Policy, made within six months from the date of delivery to you of title to this Home (subject, however, to Paragraph 4. below), inspect your home as promptly as possible; and, where shown by such inspection to be required by reason of defects in workmanship or material, we will make reasonable and necessary repairs or adjustments without cost to you.

3) A Manual of Suggestions on the care and maintenance of your New Home is given to you with this Service Policy. Please read it carefully! It will help you to understand the minor adjustments to most newly constructed homes necessary in their first few months. It will aid you in the proper care of your Home so that its value may be preserved for a long time. Specific reference is made in the Manual to the extent and duration of such responsibility as manufacturers or others may have for the work done or equipment installed by them.

4) This Home Owner's Service Policy is non-transferable. Any obligation under it terminates if the property is resold or shall cease to be occupied by the Home Owner to whom it is originally issued.

5) This Home Owner's Service Policy and accompanying Manual conforms with the standard requirements of National Association of Home Builders and its affiliated local association. As a condition of membership in these Associations, we have pledged ourselves to build

good homes and to abide by the Home Builders' Code of Ethics in the conduct of our business.

Answers from other builders indicate the many types of servicing plans now in use.

For example, Builder Harold A. Schulenburg of Kirkwood, Missouri, does not give a written guarantee on his houses. Instead, he includes a clause in his contract to the effect that he will inspect the building in 30 days and again in 60 days after occupancy and correct any defects which may have developed. After this period the owner is expected to pay for any work he wishes done by Schulenburg or any of his subcontractors.

Builder Francis B. Harvey of Wichita, Kansas, does not issue a written guarantee either, but agrees that he will replace any material or repair any structural defect within a period of 90 days after occupancy.

Harvey says, "When a house is to be occupied for the first time our plumber turns on the water in the house and checks for any leaks that might have developed due to drying of the washers. He also turns on the gas and lights the hot water heater for the buyer."

A member of the same school of thought is Builder L. H. Vickers of Morehead City, North Carolina. Vickers asks the buyer to call on him for adjustment of any defects found during the first six months of occupancy. Thirty days after the new owner moves in, Vickers sends a crew to the house to make any necessary adjustments which the owner believes may not be important enough to report.

Builder Clement F. Hausman of Pueblo, Colorado, doesn't give a written guarantee because he feels it would invite more petty nuisances. However, he services his new homes regardless of length of time they have been occupied, if the defects are legitimate.

J. R. Simon, builder from Palo Alto, California, believes it is a question of how well known a builder is: "Palo Alto being a city of 25,000, a builder who has built a considerable number of houses here becomes fairly well known in a few years. Since I take care of anything that does go wrong during the first year, and I am known to do so, it has never been necessary for me to give a client a written guarantee. However, this servicing practice has been an excellent form of advertising for me and has brought me a great deal of business. I, therefore, feel that a builder who is not well known would probably benefit considerably by giving a written guarantee."

To build a reputation for quality construction, Builder Wallace Johnson of Memphis, Tennessee, keeps a file of photographs, names, and addresses of each worker. When a house is completed, he makes up a brochure containing pictures of all the men, from plumber's helper to finish carpenter, who worked on that particular house.

Under each picture is the worker's name, address, and a description of the job or part of the house which he worked on. The brochure is given to the buyer of the house.

When the plan was started, Johnson says the quality of work improved immensely. When a buyer has a complaint, both he and Johnson can pin down the defect to a specific worker.

Tax facts

TAX FACTS TAX FACTS TAX FACTS TAX FACTS TAX FACTS TAX FACTS TAX FACTS TAX FACTS TAX FACTS TAX FACTS

BY BERT V. TORNBORGH, CPA

THE income tax significance of wage and salary freezing regulations lies in the fact that violations may cause your *entire* payroll to be disallowed as a deduction for income tax purposes. In other words you may be assessed an income tax on the aggregate amount of your payroll!

This is an administrative check-rein on employers to help assure compliance with the freezing regulations which, among other things, call for certain records to be kept and for certain steps and procedures to be followed, particularly as to increases after the official freeze date, January 25, 1951. It should be carefully noted that if you have merely *one* illegal increase among, say 100 employees it is not only the pay of that particular individual that is of concern; like a rotten apple in a barrel it may have contaminated the whole, the payroll in its entirety. Thus, the stakes are pretty high.

Now, there has been a long lull since the freeze went into effect and not too much has been heard about enforcement. But don't let that give you a false sense of immunity, because the enforcement wheels are now beginning to grind and if you don't want to get caught up in them the thing to do is to make sure that your payroll slate is clean.

What federal agencies are primarily concerned with administration of the freeze set-up?

The Wage Stabilization Board (WSB) is concerned with wage-earners coming under the overtime pay requirements of the Wage-Hours law, and the Salary Stabilization Board (SSB) with salaried employees exempt from those provisions. In either case payroll and related records must be retained for not less than three years.

Suppose a company had an established set of pay rates, ranging from a specified minimum to a maximum, in effect before the freeze date; weren't they in such

case permitted to continue to operate within that pattern?

Yes, but effective August 6, 1951, the rate range set-up had to be reported on within 60 days, showing name and address of employer, total number of employees, rate ranges in effect June 24, 1950 and January 25, 1951, the highest rate being paid on the latter date and the number of employees in each job classification for the payroll nearest to the reporting date. See WSB Regulation 5.

What must one do on promotions and transfers?

You must keep records showing name of employee, effective date of increase and pay rate before and after the increase, rate range applicable to the new job and job titles before and after promotion or transfer. This, with a job description, applies also to merit and length of service increases. See WSB Regulation 5.

If a new employee is hired, what are the pay prescriptions?

It is required that the payroll records show a rate that is not higher than that paid any other employee doing similar work.

Isn't there some latitude for general pay increases so long as they don't exceed 10%?

No. Raises under the 10% rule must be reported in four copies, on form WS-6a, within ten days to the nearest Wage-Hours office. There is no "exemption" up to 10% as is commonly but erroneously believed. See WSB Regulation 6.

Suppose a wage plan or union contract calls for cost-of-living pay increases; may they be given without restrictions?

Such increases must be pursuant to a written plan in effect on or before January 25, 1951 and the increases must be reported in four copies, within 30 days, to the

nearest Wage-Hours office. The report should cover the amount of the increase and the employees concerned, and a copy of the written plan or contract providing for this type of increase should be attached with the report. If any other types of increases have been put into effect since January 25, 1951 this, too, should be reported. See WSB Regulation 8.

How are approved wage rates established for a new business?

A statement should be filed with the nearest Wage-Hours office at least three weeks before the proposed hiring date, showing why the establishment really is a *new* business, giving pay rates for each job classification, explaining how WSB rules have been interpreted in determining the rates and, if covered by a union contract, a statement whether or not the union is in agreement. If WSB action is delayed the employees should be advised that they are being paid at interim rates subject to change by the Board. See WSB Regulation 9.

May a bonus be paid if in line with an established plan, pre-dating January 25, 1951?

If the bonus gives the individual the equivalent of 25% or more of his total compensation then the plan must be reported on to the nearest Wage-Hours office for post-review, giving name and address of employer, the total number of employees and total number getting bonus and number of employees getting bonus exceeding 25% of their annual base pay, and reasons why they are getting such bonus.

The long and short of the foregoing is to suggest that if you are an employer covered under the freeze laws — who isn't — you should not let your payroll practices and procedures proceed willy-nilly, hoping that nothing will happen and kidding yourself that "the whole thing isn't too important anyway." It is important, and violators will sooner or later be in for rude awakenings. Therefore, don't be "half safe," but make sure that your payroll set-up is in the clear and will stand scrutiny. Get copies of the Regulations (Government Printing Office, Washington, D. C.), study them and make certain that you conform.

New antenna system solves TV problem

Antenna jungles on apartment building and hotel roofs are causing headaches for property managers and are not providing the best reception for tenants. Hotel Waldorf-Astoria solved the problem with a system having seven antennas, serving 2,500 TV receivers

UNIQUE in flexibility of operation, as well as in size, the new TV system in New York City's Hotel Waldorf-Astoria is capable of supplying clear, sharp pictures from any of seven television broadcast channels to a total of more than 2,500 television receivers simultaneously.

At the same time, the system can distribute signals transmitted exclusively to the Waldorf to any number of receivers from 1 to 200, operating simultaneously in any of the hotel's public rooms.

A third major aspect of the system's potential service is its adaptability for "closed circuit" transmission of any program the management might wish to televise within the hotel, supplying it direct to patron's rooms without resort to outside facilities.

Moreover, the antenna system has been streamlined. Seven antennas are mounted on five masts on the hotel roof, providing for seven channels now receivable in the New York area, and those contemplated for the future in either black and white or color. A special pre-amplifier in the tower feeds signals to 10 individual risers (coaxial cables running down through the floors of the hotel) — one for each of the seven channels and three spares.

These risers assure full-strength signals at every floor level of the hotel, and to cover remote areas individual amplifiers serving more than 250 outlets each are tapped off the system at the 45th, 18th, and 6th floors. Each of these amplifiers actually constitutes a miniature master antenna system, distributing the signals over a single

coaxial cable, approximately the thickness of a pencil, to the individual outlets in distant guest rooms.

Master Control

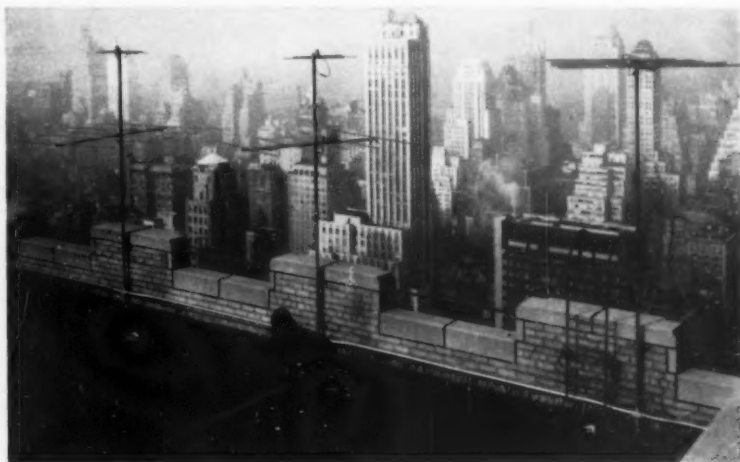
Installed in the hotel's radio room is a special Master Video Control Panel which provides for a highly flexible control of signal distribution to all public rooms. By using the spare risers from the roof to the control panel, the hotel can distribute any specially transmitted, exclusive telecast, such as conventions, speeches or sales meetings to any one or more public rooms, without interference with regular television reception in guest rooms.

The scope and versatility of the Waldorf system opens broad, new horizons for the application of television in hotels and other public buildings.

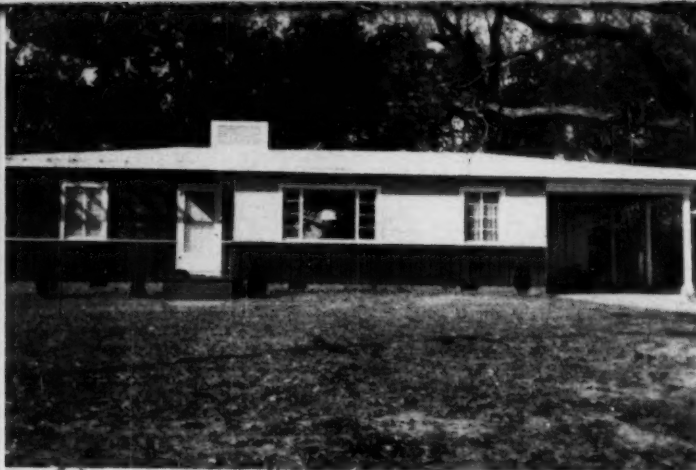
According to T. A. Smith, assistant manager of the RCA Engineering Products Department, the Television Antenaplex System was developed primarily to meet the needs of that large segment of the American people living in hotels and apartments in our metropolitan centers. TV service has recently been broadened by a rapidly growing demand for community applications in cities and towns cut off by mountains, distance, or other barriers, from television reception by conventional means.

It was recognized from the beginning that television would eventually afford business, social and other organizations a means of greatly expanding attendance at meetings and conventions. This could be done by transmitting events in sound and pictures, instantaneously either to overflow gatherings in the same hotel or city, or from a central meeting over leased wires or micro-wave channels to branch meetings in other cities. All that was needed to make this feasible was the establishment of suitable facilities. The Waldorf-Astoria has taken an important pioneering step in this field.

The Waldorf system was installed, under the supervision of Master Video Systems, Inc. and RCA engineers, by the Lorson Electric Company.



Masts and antennas are interlaced into one conduit system in the Master Video antenna system on the roof of the Hotel Waldorf-Astoria in New York City. System provides sharp pictures from any of seven channels, can transmit exclusive signals



Homes our readers an

• IN MISSISSIPPI

Luxurious living at a moderate price keynotes three-way advertising plan of Jackson realtor-builder



REALTOR-BUILDER Floyd R. Kimbrough attributes the popularity of his new Hillsdale homes to a moderate selling price and built-in quality features.

Cost-cutting building methods plus precision scheduling of work crews are the reasons behind the low price. Part of the money saved by these techniques is plowed back into the project in the form of quality materials and equipment.

Kimbrough advocates a well-integrated advertising and demonstration house program. He keeps a furnished demonstration house open during afternoons seven days a week.

Several advertising mediums help Kimbrough reach his market. He advertises on the screens of drive-in and downtown theatres. Daily classified ads are run in both local papers. This daily fusillade is supplemented on Sunday with a full page consisting of display ads and illustrated feature stories about his homes. Fifteen minutes each week, he sponsors "Housing Headlines" on the local radio station, a program produced by NAHB.

Kimbrough maintains a sales staff of four salesmen who handle an average sales volume of from 100 to 150 homes annually.

Selling from \$10,300 to \$11,250, each of the 102 Hillsdale homes has six rooms and about 1200 feet of interior floor space. Varied exteriors and 25 different floor plans give each house a completely different appearance. Some of the exteriors are asbestos siding, cedar shakes, brick veneer, vertical boards and battens, and combinations of these materials. Many of the houses have built-up roofs surfaced with white marble chips. Barrett roofing is used on others.

Each plot is completely landscaped. As soon as each house is built, shrubs are set out, grass planted, and a brick walk laid from street to house. Concrete driveways are poured at the same time as the slab floors. All streets in the subdivision are paved with blacktop. Cost of paving, sewers, and water mains is included in the selling price.

Pictured is a typical Hillsdale home with attached carport and slatted roof overhang. Most of the interior walls are of plaster painted with Benjamin Moore paints. The colors may be chosen by the purchaser if he buys the home before it is completed. The Briggs bathroom is equipped with a tub-shower combination and auxiliary wall heater.

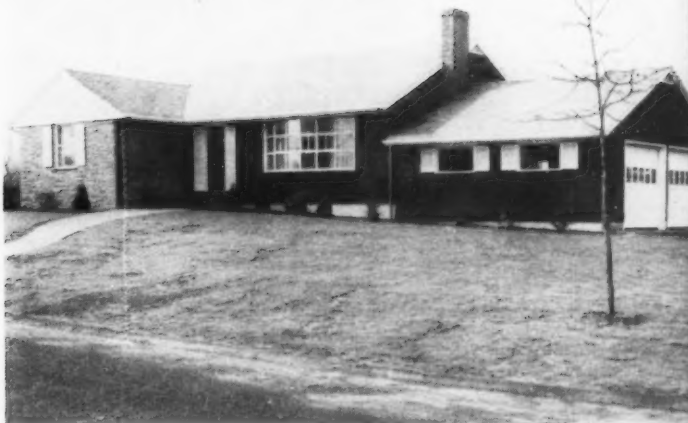
A feature which please Hillsdale buyers is the knotty pine walls in one bedroom. This wall treatment enables the buyer to convert the third bedroom into an attractive den if he wishes.

The home features a 14 x 20-foot living room and a 10 x 10-foot dining room. The kitchen is large enough for a breakfast table and has plumbing roughed in for an automatic washer. Three doors serve the kitchen — one from the dining room, one from a central bedroom, and another from the back yard. Kitchen and bathroom floors are covered with Armstrong linoleum. Other floors in the house are oak.

All the homes are heated by two floor furnaces and equipped with Reed unit attic fans. Other products used are Olympic and Yale hardware, Celotex lath and wallboard, Masonite, American cabinet hardware, Upson board products, and Valspar varnishes.

ers are building

● IN NEW JERSEY



Haworth development of 150 large homes offers colonial, ranch, and split-level styles.

RECOGNIZING the need for luxury-type homes in his area, Builder James D'Agostino planned construction of 75 homes in the \$22,000 to \$29,000 class on a 30-acre tract in Haworth. Satisfied customers and effective newspaper ads resulted in such a rapid sell-out that D'Agostino added 75 more houses to the project.

The luxury homes are offered in six models. Each model has three or four variations — three- and four-bedroom split-level, four-bedroom colonial, and three- and four-bedroom ranch styles. In addition to the architectural variations, several color schemes lend individuality to each house in the subdivision.

Pictured is a three-bedroom home with a two-car garage attached. Built on an oversized lot, the home sells for \$25,750. Floor area is about 1400 square feet.

All the homes have full basements and two baths, one with a Wyatt glass shower. Other interior features are living room fireplaces, center halls, Thermopane picture windows, and Formica counter tops in the kitchen. Many of the homes have two-car garages, Bendix automatic washers, Cloric stoves, and General Electric dishwashers. The houses are heated either by Richmond hot water systems or Norge winter air-conditioners.

The plots are completely landscaped, and the roadways are naturally endowed with native oaks and maple trees. All plots have at least 10,000 square feet. Several park areas are included in the gently rolling tract.

Nearness to transportation, school, churches, and shopping facilities is a boon to sales, according to Realtor B. J. Bergton, sales agent.



● IN OHIO

Troy realtor stresses quality construction and equipment in his low-cost homes

BUILDER F. A. Archer of Troy is building one-story homes for sale for less than \$10,000. Sales are being handled by Realtor E. W. Barnes, who sold 23 of the 4½ room houses during 1951.

Selling for \$9,450, the homes have two bedrooms, bath, large kitchen, combination living-dining room, and full basement. Quality materials and equipment are featured Crane and Alliance Ware plumbing fixtures, Philip Carey roofing, Armstrong linoleum, Insulite plaster base in ceilings, Mueller gas furnaces, and Transite flues. Exteriors are of redwood siding.

By expanding the one-story house to a \$10,500 two-story model, Barnes found a better market and easier financing. The second story was added by changing the roof pitch from 5/12 to 10/12 and installing a stairway over the basement stairs.

Barnes promotes home sales by holding open house on three or four successive weekends. The opening is announced in the local newspaper through large display and classified ads. Guests at the first showing fill in their names and addresses on large tickets and indicate what types of homes they are interested in and whether they own or rent. This provides valuable survey information for Barnes.



PERSISTENCE

key to Georgia's largest real estate transaction

YOU must analyze a property thoroughly, considering every minute detail of its potential, be persistent, gamble on your ability to produce. That's the right approach to selling commercial property, says Realtor Thad Murphey of Murphey, Taylor & Ellis, Inc., Macon, Georgia.

Murphey recently completed one of the largest real estate transactions in Georgia history. It took months of negotiation and ingenuity to complete it, and in it is a lesson for every realtor.

Several years ago Murphey had leased a Macon commercial building, owned by a trust estate. The building was in a 100% location, had a 150-foot frontage, and was leased to seven national organizations. The 10-year lease involved a low minimum rent guarantee of 43,000. The percentage leases went into effect in 1944 and there had been no long period of excessive rents.

The estate, consisting of 15 major heirs, decided to sell the property because in five or six years there would be 64 heirs. First they listed the property with six brokers for 60 days at \$900,000, but no offers of more than \$650,000 were received.

Murphey called on each heir and convinced them that he could sell the property for more. He was so confident that he said he would invest his money to see the transaction through. They gave him six months.

Murphey knew that no investor would offer more than \$650,000 because of the property's low minimum and history of non-excessive rents. But he was sure an out-of-state insurance company, which had offered \$650,000, would buy it for \$850,000 if there was a net lease on the property. If he could get a lease for \$51,000 a year net it would mean a 6% return on \$850,000, or 4% interest and 2% amortization for a period of 28 years.

Getting that lease was no easy job. Murphey

traveled up and down the East coast to find a tenant. His six months were up, so he had to go back to each of the 15 heirs to convince them that a six months' extension was needed. He had to invest \$3,000 of his own money (\$2,000 to another broker).

Finally he obtained a 30-50 year lease with an AAA1 tenant at \$51,000 a year net. The new tenant was to sublet to six other tenants, taking the chance that the rent would be about \$70,000, of which \$20,000 would go for taxes and insurance.

But Murphey ran into another bottleneck — one that forced him to go back to the estate and get another two months' extension. The Georgia law says land value cannot exceed the value of the buildings on that land in transactions involving insurance companies. Murphy spent \$1,000 to get a special decision from the Georgia attorney general who said this law only applied to companies within the state. That would mean his out-of-state insurance company could buy. On the very last day of the listing, the purchaser's legal department approved the decision and Murphey completed the transaction.

An interesting sidelight to the transaction was that Murphey received two checks, one for \$820,000 and the other for \$30,000 to deposit. They were received after banking hours, but Murphey went over to the bank and knocked on the door. One of the bank executives, a friend of Murphey's, answered, but was reticent about conducting business after banking hours. "I have a golf date, Thad."

"I think you'd better take this now," Murphey said. The banker finally agreed, and started to make out two deposit books. When he saw the check for \$30,000 to be entered in one, his eyes popped. When he saw the check for \$820,000 he did a double-take, and fell back in his chair. Wiping his brow, he said, "I shudder to think that a golf game might have cost this bank \$850,000."

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By GEORGE F. ANDERSON

A SELLER need not have title at the time the contract is entered into, but, of course, the Report of Title, or the Abstract of Title, when it is delivered to the buyer must show the seller in title. In other words I can enter into a contract to sell you a building that I don't own, go out and buy the building, have the title brought down in my name, and thereby comply with my contract with you. *Waggoner vs. Saether* 267 Ill. 32, 107 N.E. 859.

The C.R.E.B. Form Contract No. 670 provides that the seller agrees to "Convey or cause to be conveyed." Under this contract I could run the deed directly from my seller to you.

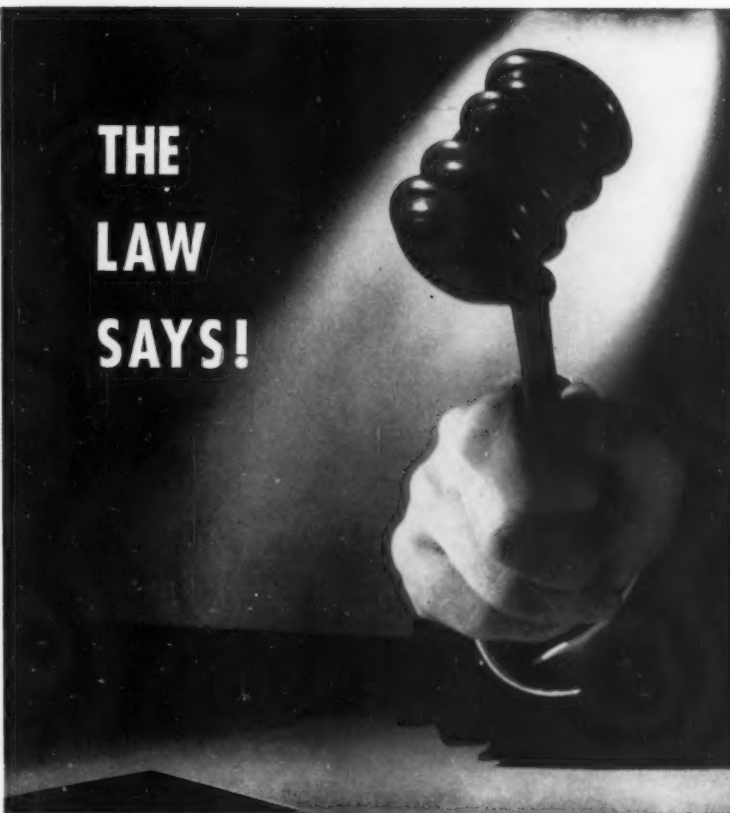
This form of contract also makes it possible for a seller to have title in a dummy and run the deed directly from the dummy to the buyer.

WHEN a deed is delivered without the name of a grantee in it, the deed is void. It would seem that the same principle would apply to a trust deed, but the contrary has been held. In the case of *Dulany vs. Willis*, 95 Va. 605, 29 S.E. 324, where such an omission occurred, the court held that the trust deed created an equitable lien, and that the holder could foreclose it. And the same is generally true of any defect in a trust deed that makes it technically invalid. Thereupon this little principle steps in and rescues the holder.

WHEN a seller dies after having executed a contract of sale and before the deal is closed, the buyer is confronted with a lot of delay and red tape. The decedent may have left minor or unknown heirs and the executor or administrator may not be noted for speed and in the meantime the buyer sits on the anxious seat.

This is all avoided if the deal is closed through escrow. How can you say that when the deed is not considered as "delivered" until the conditions on which the escrow is based have been fulfilled? Because, to accomplish this result the law has invented a little fiction, the Doctrine of Relation Back. According to this doctrine, when the condition is fulfilled, the delivery dates back to the date the deed was deposited in escrow, which was prior to the death of the grantor.

THE LAW SAYS!



Must a seller have title at the time a contract is entered into? Is a deed void if delivered without the name of a grantee in it? What is the Doctrine of Relation Back and how does it work? If a new owner of real estate gives one broker an exclusive and sells through another broker, does he owe two commissions? Here are the answers

THE new owner of real estate may get himself into a situation where he owes two or more brokers commissions for the same sale. One such situation is where he gives one broker an exclusive and sells through another broker. Another such situation is where he lists his property with several brokers, one of whom advises him that he has submitted the property to a named prospect, and then the owner sells to such prospect through another broker.

But if the situation is such that only one broker is entitled to the commission, but several claim it, the owner may protect himself by an action in interpleader, paying the money into court and letting the brokers fight about it like *Kilkenny cats*.

The defendant in the case of *Chicago Title & Trust Co. vs. Guild*, 323 App. 608 thought he had something. The offer that he

submitted on the form furnished by the trustee owner, and with which you are familiar, represented that the broker was the only broker interested in the offer, and agreeing to indemnify the owner against claims by other brokers. By accepting this offer was the owner not admitting that he was the only broker?

One has to think twice to answer this question, but what's the use of thinking when we can turn to the opinion of the court. "The statement by John M. Davis, in his offer of purchase, that the only broker in any way involved was T. C. Hull and G. L. Allmart, and the statement signed by such brokers, attached to the offer and herein above quoted, is not conclusive or binding upon the seller by reason of its acceptance of the purchaser's offer, and does not stop the seller from questioning its liability to pay such brokers commission."



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Product Progress

Fiberglas Membrane-Faced Acoustical Tile

To meet frequent and severe maintenance problems such as in kitchens and food serving rooms, Owens-Corning Fiberglas Corporation has developed a membrane-faced acoustical tile. The non-combustible product consists of a gray mother-of-pearl plastic film stretched over the face of Fiberglas acoustical tile and cemented on the edges. Easy to wash or scrub, the tile is said to have low moisture absorption and good sound absorption qualities.

Heat-absorbing, Glare-cutting Glass

A greenish tint glass has been developed which absorbs the sun's heat, reduces eyestrain, and cuts fading and bleaching of fabrics, according to the manufacturers, Pittsburgh Plate Glass Company.

The flat glass product, called "Solex," may be bent, laminated, or tempered for different flat glass applications.

Removable Kitchen Exhaust Fan

NuTone, Inc. of Cincinnati is manufacturing a new eight-inch ventilating fan that can be mounted in an inside wall or ceiling to remove cooking odors. The housing is 3½ inches deep and can be mounted between standard 16-inch center joists or studs. Motor and aluminum blades can be easily slipped out of the housing for cleaning.

Apartment Size Home Freezer

Sanitary Refrigerator Company of Fond du Lac, Wisconsin, announces a four-cubic-foot home freezer that holds 200 lbs of frozen food and occupies 4½ feet of floor space. Door of the upright freezer opens like that of a refrigerator. The "Quicfrez" has seven square feet of shelf area and has a baffle door to prevent spilling of cold air.

Low Cost Sliding Door Hardware

A new series of sliding door hardware has been developed by the Grant Pully & Hardware Company of Flushing, New York. The "Rocket 1000" series can be used for interior room doors, by-passing wardrobe doors, cabinets, and other applications. Requiring one inch of head room, the hardware features nylon rollers and cold-rolled steel track.

Prefabricated Door

A pre-assembled door with adjustable frame has been announced by the Haskelite Manufacturing Corporation of Grand Rapids, Michigan. According to the manufacturers, the "Ready Hung" door can be installed in about 20 minutes as compared with two or three hours by the conventional method. The unit is adjustable for wall thicknesses from 4¼ to 5½ inches and comes in standard door sizes.

Colorado, Rocky Mountain Map

Ackard Land Company, 634 18th Street, Denver 3, Colorado, has published a large five-color map of Colorado for realtors who are interested in that portion of the Rocky Mountain area. The map shows rivers, streams, railroads, lakes, towns, cities, elevations, highways, and other detailed information. Free copies available from Ackard upon request.

Where to Read About...

"Warm Air Perimeter Heating, Bulletin No. 4" — design manual of perimeter systems for residential and commercial buildings without basements. Describes loop, radial, lateral, crawl space duct, and crawl space plenum systems. Send \$1.00 per copy to the National Warm Air Heating and Air Conditioning Association, 145 Public Square, Cleveland, Ohio. Work sheets also available.

"Faster Mortgage Loan Accounting" — six-page folder describing how a prominent bond and mortgage company cuts clerical costs by faster, more accurate mortgage loan accounting. Write for "Systems Narrator 813," Remington Rand Inc., 315 Fourth Avenue, New York 10, New York.

"The Cost of Burned Records" — brochure describing the hazards of burned records and the type of equipment that will prevent loss of records by fire. Write the Management Controls Division of Remington Rand Inc. for folder SC 707.

"Flintkote Industrial Products Digest" — 24-page pocket-size, illustrated booklet describing the characteristics of many standard and specialized products of the Flintkote Company. Write the Flintkote Company, Industrial Products Division, 30 Rockefeller Plaza, New York 20, New York.

"How to Get the Most Out of Your New Hauserman Movable Interior" — ten-page booklet explaining the care and maintenance of movable partitions. Available from the E. F. Hauserman Company, 6736 Grant Avenue, Cleveland 5, Ohio.

"Record Keeping for the Small Home Builder" — 85-page manual providing a simple, yet complete, system of bookkeeping for the small volume home builder with limited record keeping facilities. The system is explained in layman's language, and avoids complicated accounting procedures. The manual may be purchased for \$1.25 from the Superintendent of Documents, Government Printing Office, Washington 25, D. C.

"Mills Movable Metal Walls" — 48-page catalog describing the company's complete line of movable partitions and installation details. Copies available from the Mills Company, 975 Wayside Road, Cleveland 10, Ohio.

"How to Have a Carrier Weathermaker Home" — 32-page booklet containing new home layout ideas made possible by residential comfort control with the Carrier Weathermaker unit. Copies available from Carrier Corporation, 300 South Geddes Street, Syracuse, New York, or from Carrier Weathermaker dealers.

From Journal Readers...

(Continued from page 16)

ing controls for political effect, which I believe is the purpose of some of the regulations emanating from Washington affecting home builders.

"It makes good reading for the masses for politicians to say — look, here is what we're doing to the rich, we're cutting 'em down to your size; or we're taking care of you small men. I would like to suggest instead of using the term 'luxury' in connection with homes, that we use the term 'larger' homes, or 'larger than average' homes.

"May I also suggest that I like the use of the word political housing instead of public housing. I think that if many people recognized that the so-called public housing was really political housing, they would have no part in such a program."

IRVIN A. BLIETZ
Evanston, Illinois

"Your January editorial about 'New Ideas in Construction' and the articles in the *Journal* were very fine. I think that your approach in writing articles about new ideas is very helpful, and we get a great deal from each issue."

THAD E. MURPHEY
Macon, Georgia

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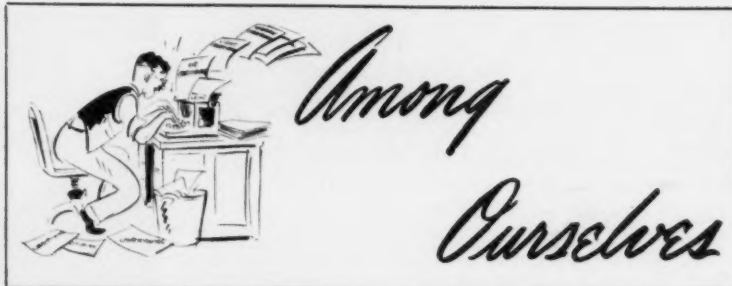
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Biggest attack against waste in St. Louis public housing is being made by the city's able public housing administrator, John Egan. Levelling charges at the political shenanigans among the city's public housers, Egan recently delved into one proposed project. Only one construction company had bid. Egan found the estimate \$1 million too high. Meanwhile, a wholesale investigation is taking place to see how people "in the know" can purchase property weeks in advance, knowing that the sites will be chosen for projects and that they will be paid fabulous prices.

As a means of fooling the public about the extent of inflation, the Bureau of Labor Statistics will start using 1947-48-49 as a base period for their computations. When the new base period is used, the price index will fall sharply — on paper — but prices won't have dropped.

NAREB President Joe Lund is leading a drive by realtors to have local ordinances outlaw substandard housing. Lund says, "Our most effective — and most direct — remedy for neglected housing is through ordinances that require all occupied housing in a city to meet those standards." Lund points to Baltimore and Charlotte, North Carolina, as examples of cities where the plan has met with success. In Charlotte, 8,000 dwellings, about one-fifth of the city's housing, were brought to standard, and enforcement led to complete demolition of 800 substandard dwellings.

In New Jersey, the VA has spelled out just how far the responsibility of the builder goes. The VA requires a letter signed by builder and purchaser and made part of the contract of sale, setting forth the builder's responsibility. The VA then gives a letter to the veteran-buyer before closing, setting forth the full responsibilities of all parties concerned. The letter provides for one-year's maintenance by the builder of roof leaks, septic tank, heating plant, water in the basement, and 30 days maintenance in minor complaints. Sixty days after closing, upkeep and maintenance become the responsibility of the individual buyer.

News Nibblings: Builder Tom Coogan, the defense department's new housing director, reports substantial progress toward cleaning up slums in military base areas and that the job of housing service families will be rolling in high this summer . . . January housing starts of 68,000 were under the January months of 1950 and 1951 but ahead of 1947-48-49 . . . The 1953 federal budget of 85.4 billion is greater than all the incomes of all the people west of the Mississippi river . . . University of Florida has awarded James C. Downs, Jr., Chicago realtor and economist, an honorary doctorate in commercial science — the first degree awarded for academic contribution to the field of real estate . . . Realtor J. D. Miltenberger was honored recently by city officials for 50 years of service in the real estate business in Muncie, Indiana.

Prefabricated housing industry hit a near production high in 1951 when 50,000 dwellings were sold. The units, produced by 80 companies, had an estimated value of \$382,630,000, exclusive of land.

Builders who have enough materials to start houses larger than allowed under metal restrictions will have to get specific permission from HHFA. The new NPA regulation, as yet unnumbered, which allots materials per dwelling unit, becomes a "use limitation" on materials rather than a "delivery limitation."